



Daily Report

East Asia

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Japan

More Reports on Ongoing Bilateral Trade Talks

High-Level Auto Talks Scheduled

OW0306125994 Tokyo KYODO in English 1108 GMT
3 Jun 94

[Text] Tokyo, June 3 KYODO—Japan and the United States are most likely to hold subcabinet-level talks from June 9 or 10 to find ways to improve American access to Japan's auto and auto parts markets, a senior Japanese trade ministry official said Friday [3 June].

Sozaburo Okamatsu, vice international trade and industry minister for international affairs, and Jeffrey Garten, commerce undersecretary, will probably meet in Tokyo for three days, said the official at the Ministry of International Trade and Industry (MITI), who declined to be named.

The planned talks will follow ongoing working-level auto and auto parts negotiations that started Thursday in Washington for a two-day run.

The coming high-level meeting is designed to set objective criteria as a tool to measure the openness of Japan's auto markets and as a mechanism to review progress in bilateral auto trade, the MITI official said.

During the Okamatsu-Garten meeting, Washington will also give a specific response to measures on auto trade adopted by Japan as part of its market-opening measures announced at the end of March, the official said.

In the ongoing working-level talks in Washington, the official said the U.S. "Highly appreciated" the Japanese measures, which focus on voluntary industry efforts to expand purchases of U.S.-made cars under the "cooperation approach."

Telecommunications Talks Resumed.

OW0306130594 Tokyo KYODO in English 1132 GMT
3 Jun 94

[Text] Tokyo, June 3 KYODO—Japan and the United States resumed telecommunications trade talks Friday [3 June] by taking stock of their positions since talks collapsed in February, a Japanese official said.

Negotiators had a "wide-ranging discussion" on government procurement of telecommunications and medical equipment, the last of three priority sector talks to resume in bilateral trade "framework" talks, said the Foreign Ministry official.

He described the meeting after a hiatus of three and a half months as a get-reacquainted session, saying "a decision would be impossible" in a day.

Talks between the U.S. Trade Representative's Office and Japan's Finance, Trade and Telecommunications Ministries will continue with a full-day session Saturday,

he said. But no deadline has been set, said the official, who briefed reporters on condition his name not be used.

He would not comment on whether the negotiators discussed "objective criteria" or the treatment of Nippon Telegraph and Telephone Corp. (NTT)—two key issues in the sectoral talks.

U.S. Officials were not available for comment.

How to assess market-opening progress is the biggest remaining issue in the field, on which the two sides are "nine-tenths of the way toward agreement," a ministry official said earlier.

Also at issue is whether to include NTT in the talks, with Japan insisting it is a private company but the U.S. stressing the Japanese Government's two-thirds ownership.

Talks on insurance began Wednesday in Tokyo and on autos and auto parts Thursday in Washington.

Continued Reportage on Reaction to DPRK Issues

Tokyo Reiterates Concern

OW0306030494 Tokyo KYODO in English 0256 GMT
3 Jun 94

[Text] Tokyo, June 3 KYODO—Japan reiterated its concern Friday [3 June] over North Korea's defiance of international calls for inspections of its nuclear reactor and suspicions that Pyongyang is trying to develop atomic weapons.

"We are deeply concerned about this situation," Chief Government Spokesman Hiroshi Kumagai said at a news conference. "We would like to weigh what action to take in close concert with the countries involved such as the United States, South Korea and China."

A government source said Japan will act in concert with Washington in case the U.S. and China fail to resolve differences over UN sanctions against Pyongyang. "Although we talk with China, too, Japan-U.S. relations are the basis of our policy," the source said.

On Thursday, the International Atomic Energy Agency (IAEA) said the North Korean refusal to let inspectors conduct an unimpeded check of fuel rods removed from a suspect nuclear reactor has made it impossible to verify whether Pyongyang diverted plutonium in the past to manufacture atomic bombs.

Hans Blix, the IAEA director general, said in a letter to the UN Security Council that the Vienna-based agency "cannot achieve the overall objective of comprehensive safeguards...namely to provide assurance about the non-diversion of nuclear material."

Emergency Meeting on Sanctions Held*OW0206122594 Tokyo KYODO in English 1212 GMT
2 Jun 94*

[Text] Tokyo, June 2 KYODO—Senior Foreign Ministry officials held an emergency meeting Thursday [2 June] to discuss Japan's response in the event of UN sanctions against North Korea for its renewed refusal to allow nuclear inspections.

Vice Foreign Minister Kunihiro Saito returned early from a European tour to attend the meeting, which set the line for trilateral consultations with the United States and South Korea expected to be held Friday in Washington.

The U.S. has warned it will seek economic sanctions against North Korea if the International Atomic Energy Agency (IAEA) is prevented from examining discharged nuclear fuel rods at the 5-megawatt reactor in Yongbyon to determine whether spent fuel has been diverted to manufacture nuclear weapons.

North Korea over the past two weeks has been removing spent fuel rods from the reactor and is expected to have fully reloaded the reactor within one or two days.

The IAEA has warned that its capacity to carry out tests will be lost "in days" unless Pyongyang halts the unmonitored fuel exchange and places the discharged rods under international supervision.

The Washington consultations aim at formulating joint punitive measures against North Korea in case China, the communist nation's longtime ally, vetoes a UN Security Council resolution threatening economic sanctions.

Washington is expected to reiterate its demand that Tokyo halt yen remittances to North Korea from pro-Pyongyang organizations and residents in Japan, which are believed to be a major source of foreign currency for the isolationist, economically weak country.

The talks will also "prepare for the worst scenario," a ministry source said, alluding to a possible military confrontation over the nuclear issue.

North Korea has repeatedly prevented IAEA inspectors from carrying out full inspections of its nuclear plants, fueling suspicions that it is secretly developing nuclear weapons.

Earlier in the day, Prime Minister Tsutomu Hata expressed grave concern over North Korea's refusal to comply with the UN and its nuclear watchdog's inspection demands.

"If (North Korea) does not talk without reserve, it will lead to an undesirable direction," Hata told reporters at his official residence. "North Korea should take a serious view of the concern of the international community."

A government spokesman later said Japan's position is to seek a peaceful resolution of North Korea's nuclear issue.

"We still hope this issue will be resolved in a peaceful manner through efforts by the parties concerned," Deputy Chief Cabinet Secretary Nobuo Ishihara told a news conference.

Ishihara also noted the government is scrutinizing North Korea's virtual refusal to accept Monday's Security Council statement urging Pyongyang to comply with nuclear safeguard requirements.

Despite the harshly worded rejection, Ishihara said, no noticeable shift in North Korea's stance on the matter can be seen.

A high-ranking Foreign Ministry official later said three-way talks among Japan, the U.S. and South Korea in Washington on Friday will focus on measures to deal with potential action by the UN Security Council.

The options are either the implementation of sanctions or a warning if North Korea continues to reject international inspections, he said, speaking on condition of anonymity.

The official said the three countries will explore the possibility of supporting a step-by-step approach to the North Korean nuclear issue, an approach which would win China's support.

Kakizawa Pledges Support for U.S.*OW0306051794 Tokyo KYODO in English 0504 GMT
3 Jun 94*

[Text] Tokyo, June 3 KYODO—Foreign Minister Koji Kakizawa pledged Japanese cooperation Friday [3 June] if the United Nations decides to impose sanctions on North Korea for the country's continued refusal to allow international inspections at its nuclear facilities.

"Should United Nations measures be decided, it is desirable that Japan cooperate in these," Kakizawa said in answering a question from a Liberal Democratic Party (LDP) legislator in the House of Representatives Foreign Affairs Committee. In case the UN Security Council cannot reach agreement over the sanctions issue due to anticipated opposition from China, North Korea's traditional ally which favors a soft approach in the nuclear controversy, Japan would offer "maximum cooperation" in multilateral punitive measures, he said. Japan could do its part by halting cash remittances to North Korea from pro-Pyongyang organizations and residents in Japan and suspending trade with the communist country, Kakizawa said.

Taking into account that the situation on the Korean peninsula is Japan's direct security interest, Tokyo's "basic foreign policy stance" is to do its utmost to support Washington should it decide to move independently from the UN, he said. He said, however, such U.S.

measures would have to be "effective" to gain Tokyo's approval. Kakizawa also stressed that without winning China's support the UN Security Council would not be able to exert any pressure on North Korea to accept the international calls for inspections.

In response to another question from the opposition LDP, Kakizawa said Japan would resume normalization talks with North Korea as soon as possible if Pyongyang "displays a sincere attitude toward dispelling suspicions that it is developing nuclear weapons." Asked for an assessment of U.S. moves toward sanctions, Yutaka Kawashima, director general of the Foreign Ministry's Asia Affairs Bureau, said "there are various opinions" within U.S. President Bill Clinton's administration and no unified stance has been formulated yet. "There are calls for sanctions as anger has built up after one year of endurance" in the nuclear controversy, he said, adding "the American Government's stance has not hardened yet."

Following a regular cabinet meeting in the morning, chief Government Spokesman Hiroshi Kumagai reiterated Tokyo's concern over North Korea's defiance of the inspection demands. "We are deeply concerned about this situation," Kumagai told a news conference. "We would like to weigh what action to take in close concert with the countries involved such as the United States, South Korea and China," he said.

Kumagai later said before a lower house panel, "we have no specific sanctions in mind. We will tenaciously try to persuade" North Korea to reach a negotiated settlement of the nuclear row.

On Thursday, the International Atomic Energy Agency (IAEA) informed the UN Security Council that Pyongyang's refusal to let inspectors conduct an unimpeded check of discharged fuel rods has made it impossible to verify whether plutonium has been diverted in the past to manufacture atomic bombs. North Korea last month started to exchange without IAEA supervision the 8,000 fuel rods in its 5-megawatt reactor at Yongbyon, sparking another security council statement last week urging compliance with the agency's inspection demands.

Second DPRK Missile Test Confirmed

*OW0306113294 Tokyo KYODO in English 1109 GMT
3 Jun 94*

[Text] Tokyo, June 3 KYODO—Government sources confirmed Friday that North Korea tested a second antiship cruise missile over the Sea of Japan this week.

The sources said North Korea apparently test-fired the second modified Chinese "Silkworm" missile around Thursday [2 June]. The missile was fired from the North Korean east coast toward the Sea of Japan.

North Korea launched a similar "Silkworm" missile in the Sea of Japan on Tuesday.

The sources said the aim of the test was not clear, but added that it probably has little political significance since such tests are often conducted in close succession.

The sources said the government is also closely monitoring North Korean preparations for medium-range ballistic missile tests.

Minister Resigns From Japan-DPRK Diet Group

*OW0306054494 Tokyo KYODO in English 0527 GMT
3 Jun 94*

[Text] Tokyo, June 3 KYODO—Home Affairs Minister Hajime Ishii said Friday [3 June] he has given up the chairmanship of a group of Japanese legislators promoting friendship with North Korea "to avoid misunderstanding" amid calls for Tokyo to take a tougher line against Pyongyang over its suspected nuclear arms development.

"I have not harbored any intentions of viewing South Korea as an enemy or siding with North Korea," Ishii, who had served as chairman of the Dietmen's League for Promotion of Japan-Korea Friendship, told a news conference.

Ishii, concurrently serving as chairman of the National Public Safety Commission, has been under pressure from the No. 1 opposition Liberal Democratic Party to quit the chairmanship in view of his status as a cabinet minister and head of the commission in charge of gathering intelligence on North Korean agents. "I have to avoid misunderstanding as chairman of the National Public Safety Commission amid the North Korean (nuclear) issue and domestic issues," he said.

The LOS ANGELES TIMES and some Japanese media have claimed that the presence of Ishii and other alleged supporters of North Korea in the ruling coalition would deter it from regulating the flow of money to the isolated communist nation from pro-Pyongyang Korean residents of Japan.

Former Ambassador To Attend OECD Meeting in Paris

*OW0306090494 Tokyo KYODO in English 0831 GMT
3 Jun 94*

[Text] Tokyo, June 3 KYODO—Japan will send former Ambassador to the United States Nobuo Matsunaga to Paris as a special government envoy to attend a forthcoming ministerial meeting of the Organization for Economic Cooperation and Development (OECD), a trade ministry official said Friday [3 June].

Matsunaga will attend the two-day conference, which begins next Tuesday, in place of the three cabinet ministers who have been forced to skip the OECD meeting due to a tight parliamentary schedule, the official at the Ministry of International Trade and Industry said.

It has been customary for Japan to send the chiefs of MITI, the Foreign Ministry and the Economic Planning Agency to the annual OECD meeting.

All of the Group of Seven major industrial countries except Japan will dispatch cabinet ministers to this year's gathering, which will focus on three key topics of growth and employment, reinforcing multilateral trade systems and a new role of the OECD amid the rapid change in the international situation.

Tokyo May Join UN Peacekeeping in Golan Heights

OW0306060794 Tokyo KYODO in English 0556 GMT 3 Jun 94

[By Miu Oikawa Dieter]

[Text] Tokyo, June 3 KYODO—Striving to boost its international contributions as it aims to acquire a permanent seat on the UN Security Council, Japan has begun weighing the possibility of joining another UN-led peacekeeping operation.

Under consideration is participation by the Self-Defense Forces (SDF) in a Canadian logistics battalion operating under the UN Disengagement Observer Force (UNDOF) in the Golan Heights, an area occupied by Israel since it seized the territory from Syria in 1967.

The United Nations has informally requested Japan to shoulder some functions of the Canadian logistics battalion after Ottawa decided to cut down the scale of its peacekeeping operations due to financial difficulties, according to government officials. Tokyo is expected to start looking into the specifics of whether it can actually take part in the operations when a government mission returns from Canada in mid-June. The seven-member team is to study in Canada the details of the logistics activities under UNDOF. If Japan decides to join UNDOF, it will be its third participation in UN peacekeeping operations, following a mission to Cambodia in 1992 and one to Mozambique to end next February.

"No decisions have been made yet," said a Foreign Ministry official. "The aim of dispatching the mission to Canada is simply to explore the possibilities of the participation (in UNDOF)." But according to some ministry officials, peacekeeping in the Golan Heights seems to top the list of candidates for the next destination for Japanese peacekeepers.

The 1,036-strong UNDOF, comprising infantry corps from Austria and Poland and the 215-member logistical personnel from Canada, has been monitoring the cease-fire and disengagement between Israel and Syria since June 1974 after the Middle East War in 1973. The Canadian team engages in transportation, communications, fixing vehicles and supplying food.

The ministry officials said UNDOF is one of a handful among 17 UN peacekeeping activities now operating

worldwide that fits Japan's five conditions for joining such operations, including the requirement of a cease-fire among warring parties. Earlier this year, when Japan explored ways to step up contributions to the former Yugoslavia, the lack of a cease-fire agreement there prevented Japan from joining the Zagreb-based UN Protection Force. Among those meeting Japan's criteria are the UN operations in Cyprus, in the Kashmir region bordered by India and Pakistan and at the Iraq-Kuwait border. "We're not thinking of sending Japanese personnel to every one of the UN peacekeeping operations matching Japan's conditions," said a ministry official.

"We have to think whether Japan can win high evaluation from the international community by participating in that particular peacekeeping operation, whether it could gain the public's understanding while also considering the political meaning of taking part in it," the official said on condition of anonymity.

Cambodia and Mozambique both fulfilled such conditions, he said. The mission to Cambodia, where SDF members were dispatched abroad for the first time, contributed to the peace and stability in Asia, while joining the Mozambique operation showed Japan's interest in problems worldwide, he said.

The U.N.-sponsored peacekeeping mission to the Golan Heights also meets such conditions, the official said.

Participation in UNDOF could prove Japan is not reluctant to join peacekeeping operations in other parts of the world besides Asia, he said.

Tokyo could also make an international showing that it is eager to promote the peace process in the region, when new moves are beginning to emerge in the process, the official said.

Also, because Israel and Syria are friendly with Japan and because peace and stability of the Middle East region are important globally, participation in such an operation could gain public understanding, he said.

Another factor in favor of the dispatch to the Damascus-based UNDOF is a lesson learned from the 1991 Gulf war, the official said.

Despite contributions totaling 13 billion dollars to the multilateral forces and frontline nations, Japan faced international criticism for not sending its own personnel and conducting "cash diplomacy," he said.

Tokyo Urges Yemen To Comply With UN Resolution

OW0306085794 Tokyo KYODO in English 0845 GMT 3 Jun 94

[Text] Tokyo, June 3 KYODO—Japan on Friday [3 June] expressed support for a U.N. Security Council resolution which called for a cease-fire in Yemen's month-old civil war, and strongly urged all parties concerned to comply with the resolution.

In a Foreign Ministry statement read by spokesman Terusuke Terada, the Japanese Government expressed "deep regret" that large-scale armed conflicts in Yemen, which broke out on May 4, have caused a number of civilian casualties and damaged Yemen's nation-building efforts to which Japan has greatly contributed.

Japan has supported the unity and democratization of Yemen and a peaceful settlement of the problems through dialogue among all those concerned, it said.

Tokyo supports the U.N. Resolution 924 adopted Wednesday and welcomes Yemen's declaration confirming its acceptance and its readiness to implement the resolution, the statement said.

Japan strongly hopes that all those concerned will earnestly comply with the resolution, it said.

The socialist South Yemen and conservative North Yemen merged on May 22, 1990. But civil war erupted in early May after months of increasing tension, with southerners accusing the north of trying to dominate the republic.

White Paper on Cooperation With Asian Nations

*OW0306094494 Tokyo KYODO in English 0815 GMT
3 Jun 94*

[Text] Tokyo, June 3 KYODO—Japan should step up its economic cooperation to other Asian countries as a way to help revitalize the global economy, the fiscal 1994 white paper on economic cooperation released Friday [3 June] said.

Japan has a responsibility to activate the world economy by supporting ongoing self-help efforts among Asian economies to maintain and expand their "growth dynamism," said the annual report.

To that aim, an international division of roles needs to be promoted on the investment and trade fronts, the white paper said, calling for Japan to expand direct investment in and imports from Asia.

The white paper, prepared by the International Trade and Industry Ministry, described the newly industrializing economies (NIES) in Asia and the Association of Southeast Asian Nations (ASEAN) as "the growth center for world economic development."

"Such a dynamism in the areas has resulted from an effective use of market mechanism and an increased linkage with the rest of the world in trade and investment," said the white paper.

This year's white paper paid particular attention to China, Vietnam and India, devoting much space to analyzing various problems involved in economic reform efforts in these countries.

China, touted as having the biggest growth potential in the world, scored a significant real economic growth of a 13.4 percent in 1993 thanks to the increased use of market mechanism.

But the paper cited the need for infrastructure improvement in the country, especially in the inland area, in order to correct its economic gap with the rapidly growing coastal area.

The white paper said Vietnam should effectively use aid funds extended by Japan and other countries for improvement in economic infrastructure, and lagging legal and administrative systems.

The Vietnamese Government also needs to make further efforts in placing economically inefficient state-owned corporations into private management, it said.

As for India, the white paper said its legal system has been upgraded under the ongoing reform program. But further efforts, particularly deregulation, need to be done in financial and farm sectors, it said.

The paper also sees the need for India to improve its infrastructure in utilities, traffic systems and telecommunications networks.

These efforts would help rectify an inadequate allocation of wealth among the Indian people, eventually contributing to higher productivity, the white paper said.

Japan should formulate economic cooperation programs for other Asian countries while clarifying problems these countries are facing domestically, it said.

Assistance to them also should be made in a manner that ensures harmonization with global trade accords recently concluded under the Uruguay Round of multilateral trade negotiations, the paper said.

The paper noted that Japan's economic assistance in 1992 decreased 36.3 percent to 15,944 million dollars, with a smooth growth in official development assistance (ODA) more than offset by a substantial drop in private-sector aid.

Japan's ODA for the year increased 2.7 percent to 11,332 million dollars. The sum was the largest in the world, accounting for 18.5 percent of the global ODA.

Joint Bullet-Train Seminar Scheduled in Beijing

*OW0206145494 Tokyo KYODO in English 1443 GMT
2 Jun 94*

[Text] Tokyo, June 2 KYODO—The Transport Ministry said Thursday [2 June] its affiliate will sponsor a three-day seminar in Beijing on bullet-train service starting on June 14, in connection with China's 8 billion dollar project to complete a Beijing-Shanghai high-speed train service by the year 2000.

The seminar, sponsored by the Japan Railway Technical Service, will be the first bullet-train forum to be held in China by a Japanese organization alone.

Michihiko Matsuo, vice transport minister, and other Japanese railway officials and engineers will explain to Chinese Government officials about Japanese bullet-train technology, ministry officials said.

The Japanese Government is considering the possible extension of a 1.2 billion dollar loan to China over a six-year period starting in 1995 to help finance the project.

'Smoke Shell' Hurlled at Russian Consulate in Osaka

OW0306012394 Tokyo KYODO in English 0115 GMT 3 Jun 94

[Text] Osaka June 3 KYODO—The second smoke shell in two weeks was thrown into the compound of the Russian Consulate General in Osaka early Friday [3 June], but there was no injury or damage, police said.

Police on routine patrol spotted white smoke rising out of the northeastern corner of the compound at around 1 AM [1600 GMT]. They later discovered the embers of a smoke shell inside.

On May 22, police arrested a member of a right-wing organization as he hurled a smoke shell at the consulate, which is walled by a fence of about 4 meters.

Resigned MITI Official, Naito's Case Resurfaces

Budget Panel To Summon Naito

OW0206140294 Tokyo KYODO in English 1255 GMT 2 Jun 94

[Text] Tokyo, June 2 KYODO—The House of Representatives Budget Committee decided Thursday [2 June] night to summon a former high-ranking trade ministry official as a witness to explain why he was dismissed last year by then Trade Minister Hiroshi Kumagai.

Committee chairman Tsuruo Yamaguchi announced he will go along with opposition demands that Masahisa Naito, former head of the Ministry of International Trade and Industry's Industrial Policy Bureau, appear before the panel on Monday to explain why he was sacked by MITI Minister Kumagai.

Kumagai reportedly fired Naito for his alleged favoritism in personnel matters within MITI.

The demands by the two largest opposition parties—the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP)—stalled Diet proceedings, and the ruling minority coalition finally relented.

During the budget panel's Thursday morning session, LDP lawmaker Kiyoshi Mizuno blasted Kumagai, currently chief cabinet secretary, for his alleged conspiracy to get rid of Naito by distributing defamatory pamphlets critical of Naito.

Official: Case 'Fully Explained'

OW0206093794 Tokyo KYODO in English 0738 GMT 2 Jun 94

[Text] Tokyo, June 2 KYODO—A senior Japanese trade ministry official said Thursday [2 June] the ministry has fully explained a personnel controversy that took place last year.

"So I have no additional comments," said Hideaki Kumano, vice international trade and industry minister, referring to what ended in the voluntary resignation of a ministry bureau chief.

Speaking to reporters, Kumano said, "I want to refrain from specific comments on the matter because the issue is very delicate."

The remark came after parliamentary business stalled earlier in the day due to renewed bickering over last December's controversy at the Ministry of International Trade and Industry (MITI).

In mid-December, Hiroshi Kumagai, chief cabinet secretary and then MITI minister, asked Masahisa Naito, head of MITI's Industrial Policy Bureau, to step down to take the blame for an allegedly unfair promotion he gave to a MITI official who was leaving the ministry to run in a national election.

The request, which ended in Naito's voluntary resignation, prompted public criticism regarding political interference in the bureaucracy.

Naito, tipped as a likely choice for the next vice MITI minister, said such a promotion was customary at MITI for officials who leave to run in elections.

Kumano said MITI's director of the secretariat clarified the situation surrounding the resignation at a House of Representatives Budget Committee meeting Wednesday and Thursday.

Thursday's lower house budgetary committee meeting stalled following the coalition parties' rejection of an opposition demand that Naito be summoned to the Diet to give details about the personnel controversy.

Naito, who is now in the United States, was quoted as saying by an opposition interpellator during the committee session that he is prepared to return home "tomorrow."

Kumagai said at his last news conference as MITI chief in April that his resignation request to Naito was necessary to "rejuvenate the management of MITI."

The latest development over the MITI controversy came in connection with the question of whether Kumano will retain the current post of vice MITI chief in an overall personnel reshuffle to be made shortly.

Some within MITI have said he should resign to take responsibility for causing the controversy.

MITI Chief 'Concerned'

*OW0306024294 Tokyo KYODO in English 0232 GMT
3 Jun 94*

[Text] Tokyo, June 3 KYODO—Eijiro Hata, minister of international trade and industry [MITI], said Friday [3 June] he is gravely concerned that the latest development in his ministry's personnel affair could shake an already fragile cabinet.

"The situation is very abnormal," the MITI minister said. He was referring to a parliamentary accord to summon a former high-ranking ministry official to the Diet to clarify his sudden resignation last December.

Masahisa Naito, the former head of MITI's Industrial Policy Bureau, will appear before the Diet next Monday as an unsworn witness to speak about the circumstances that led to his resignation last December.

In mid-December, Hiroshi Kumagai, chief cabinet secretary and then trade minister, forced Naito to step down over his alleged bias in the appointment of an official who planned to leave the ministry to run in national elections.

Naito has denied the allegation, saying the special promotion of a retiring official has been customary at MITI. But he finally agreed to resign, apparently bowing to strong pressure from Kumagai.

The incident prompted strong public criticism that branded Kumagai's resignation request as politician's interference in bureaucracy.

The renewed bickering over the controversy stalled parliamentary business Thursday.

Speaking before a press conference, MITI chief Hata said his ministry will "calmly" watch developments in the matter.

Hata said he understands the former trade minister's resignation request was intended to "rejuvenate MITI."

On Thursday, some opposition camp members called for Kumagai's resignation, a key cabinet minister under the minority Hata government.

Boundaries for New Electoral Districts Outlined

*OW0206144794 Tokyo KYODO in English 1251 GMT
2 Jun 94*

[Text] Tokyo, June 2 KYODO—A government panel released a rough outline Thursday [2 June] for the boundaries of 300 new single-seat constituencies for the House of Representatives.

The group will begin drawing up concrete boundaries for the electoral districts after submitting the outline to the lower house special committee on political reform, government officials said.

The ruling coalition wants the panel to report as early as Monday so that a bill can be enacted during the current Diet session which ends in late June, but the main opposition Liberal Democratic Party (LDP) has insisted on June 9 or later, political sources said.

A new electoral system was enacted in January, but it will not take effect unless the boundaries for the new electoral districts become law.

The outline provides a basic policy for defining constituencies, the officials said.

It suggests that cities, wards, towns, villages and counties should not be divided into two constituencies, and detached districts should be avoided.

Social and natural conditions, including geography, history and transportation, should be considered in drawing up the boundaries of the constituencies, it said.

The panel, headed by Tadao Ishikawa, former president of Keio University, was launched on April 11.

Under the new electoral system, 300 of the 500 lower house members will be elected from single-seat districts and the remaining 200 through proportional representation.

The current 511-seat House of Representatives was elected last July from constituencies supplying two to six members each.

Court Rules Vote Disparity of 2.82 to 1 Constitutional

*OW0306052694 Tokyo KYODO in English 0513 GMT
3 Jun 94*

[Text] Tokyo, June 3 KYODO—The Tokyo High Court rejected Friday [3 June] a plea by voters to invalidate the 1993 general election in which the weight of a vote in a sparsely populated constituency was nearly three times as much as that in a densely inhabited electorate.

Presiding Judge Shigeru Sato said in the ruling the vote disparity of 2.88 to 1 "cannot be ruled unconstitutional in view of the preceding decisions by the supreme court." The ruling cited the highest judicial body's 1985

decision that said a maximum disparity of 2.92 to 1 is constitutional as well as a 1993 decision that found a gap of 2.99 constitutional.

However, Sato said the Diet should observe the principle of equality under which the weight of a vote in a certain constituency should not be double that of a vote in another. The judge also urged a government panel—now commissioned with redistricting the current multiseat constituencies for the 511-seat House of Representatives into 300 single-seat electorates—to pare down the disparity to less than 2 to 1.

The ruling was made in response to a lawsuit filed last year by a group of 72 voters from 16 constituencies in Kanagawa, Tokyo, Chiba and Saitama Prefectures, who said the 1993 general election was unconstitutional because of the 2.82 disparity. The group of plaintiffs was spearheaded by Kiyoshi Miyagawa, a Dokkyo University professor, a resident of Chiba's No. 4 constituency, as well as attorney Yasushi Koshiyama, a voter in Tokyo's No. 3 constituency.

Miyagawa has condemned as unconstitutional the current legal provision that allows the Diet to allocate to constituencies seats whose numbers are often disproportionate to the number of registered voters.

The plaintiffs said they will appeal the ruling to the supreme court. The latest ruling was made when a panel of experts named by the previous government is trying to demarcate the 300 new single-seat constituencies so that the next Japan's next general election could be held under the new voting system.

The Home Affairs Ministry has reportedly said that whittling down disparity in the weight of votes among the 300 single-seat constituencies to less than 2 to 1 may be unattainable due to limitations associated with a new electoral map being worked out on the basis of the package of electorate change bills legislated in January.

Ozawa's Group Said Receiving Contractors' Money

*OW0206121994 Tokyo KYODO in English 1127 GMT
2 Jun 94*

[Text] Tokyo, June 2 KYODO—A friendship promotion organization headed by Ichiro Ozawa, secretary general of Shinseito [Japan Renewal Party], received 100 million yen as a donation from the construction industry in 1991, sources said Thursday [2 June].

The Japan Federation of Construction Contractors (Nikkenren), which groups 57 building firms, contributed a total of 100 million yen to John Manjiro No Kai, a nonprofit organization to boost grass-roots exchanges between Japan and the United States, sources said.

The revelation could provide ammunition to opposition parties that are renewing a call for Ozawa's Diet testimony over suspected donations from scandal-tainted general contractors, observers said.

A group of 23 individuals filed a complaint in February with public prosecutors against Ozawa, accusing him of illegally receiving a 5 million yen political donation in December 1992.

Ozawa, former secretary general of the Liberal Democratic Party (LDP), has denied the charge.

The friendship organization, established in November 1990, when Ozawa was the LDP secretary general, sought donations from businesses to host a November 1991 conference to boost Japan-U.S. grass-roots exchanges.

Nobuo Matsunaga, the organization's director and former ambassador to the U.S., brought a request for donations to then Nikkenren chairman Teruzo Yoshino, former chairman of Shimizu Corp.

In response, the Nikkenren member companies contributed 1.5 million to 3.5 million yen each to Ozawa's organization.

Many major construction companies have been involved in a bribery and bid-rigging scandal that has claimed four regional government leaders, a former construction minister and more than 30 executives from Japan's eight biggest building firms.

Nikkenren defended the 1991 donation as a good-will contribution for advancing international exchanges.

"Japan's construction industry was then in a difficult position due to the Japan-U.S. construction talks, and we donated the money in a belief that grass-roots exchanges between the two countries are important," one Nikkenren official said.

He admitted the construction group was aware that Ozawa headed the organization.

Sadao Hirano, a Shinseito member of the House of Councillors and acting chairman of the organization, said, "It was a project supported by the Foreign Ministry on the occasion of the 50th anniversary of Japan's attack on Pearl Harbor."

He added that the construction companies contributed because "they shared our view."

John Manjiro No Kai, which later developed into a fund approved by six ministries, continues to sponsor an annual grass-roots summit, held alternately in Japan and the U.S.

MOF Issues Revised Tax Reform Estimates

*OW0206134894 Tokyo KYODO in English 1147 GMT
2 Jun 94*

[Text] Tokyo, June 2 KYODO—The Ministry of Finance [MOF] revised its tax reform estimates Thursday [2 June] amid criticism over its earlier ones, adding a sales tax hike to 4-6 percent and extending maturity of stopgap bonds to 20 years.

The report, submitted to the government's tax commission and the ruling coalition, also adds miscellaneous increases and decreases in government spending to dodge the criticism that the ministry intentionally excluded specific items and limited conditions for its estimates.

The ruling parties and the advisory tax panel to the prime minister urged the ministry to make such additional estimates.

The earlier estimates presented last Friday only included a consumption tax hike to 7-10 percent from the current 3 percent, and limited the maturity for stopgap bonds to 10 years.

The stopgap bonds are to fund a three-year time lag on conditions of continuing 6.2 trillion yen in tax cuts, including 5.5 trillion yen cuts in income and residents' taxes, and hiking the consumption tax.

With the tax cuts now limited to the current fiscal year, Japan vowed in its March market-opening package to decide by the end of June on a full-fledged tax reform led by semipermanent tax cuts.

Under the revised report, the ministry estimates a revenue deficit of 6.4 trillion yen to 11.3 trillion yen in fiscal 2000 with a hike in the consumption tax to 4-6 percent to cover the tax cuts, bond redemption, and expected increases in social welfare spending.

For a hike to 7-9 percent, it estimates a deficit of 0.5 trillion yen to 5.3 trillion yen.

A increase to 10 percent is the only estimate with revenue surplus, ranging from 0.7 trillion yen to 1.6 trillion yen. [sentence as received]

Overhaul of Small Business Taxes Urged

OW0206131094 Tokyo KYODO in English 1240 GMT 2 Jun 94

[Text] Tokyo, June 2 KYODO—A subcommittee of a ruling coalition panel on tax reforms on Thursday [2 June] proposed overhauling the present tax privileges for small businesses as a precondition for raising the consumption tax from the present 3 percent.

The group made the proposal in a draft report on tax reforms, including a continuation of income tax cuts beyond this fiscal year and a raise in the consumption tax.

Regarding tax privileges for small businesses in connection with the consumption tax, the subcommittee proposed overhauling the present system of applying reduced tax rates to businesses with taxable annual sales of less than 50 million yen.

The report, however, made no mention of the margin of a raise in the consumption tax. Members had failed to reach agreement on the matter, officials said.

The subcommittee will submit its final report to the tax reform panel around June 9 after coordinating its views, and the coalition will use the report to work out basic guidelines for tax reforms by the end of this month, the officials said.

The draft report also suggested that the income threshold for taxation be raised to offset the effects of a higher consumption tax on low income earners.

Reorganization of Quasi-Government Groups Proposed

OW0206125594 Tokyo KYODO in English 1216 GMT 2 Jun 94

[Text] Tokyo, June 2 KYODO—A subcommittee of the ruling coalition proposed that 92 government-backed corporations be abolished or consolidated in the coming years as part of administrative and fiscal reforms, according to an interim report made Thursday [2 June].

The group is expected to submit a final report on the subject on June 9 to the coalition's consultation group on tax reforms.

The group offered no conclusion in its report on the proposed establishment of a Public Works Ministry to consolidate six ministries and agencies, including the Construction Ministry, the Agriculture, Forestry and Fisheries Ministry and the National Land Agency.

It proposed reorganization of government-backed corporations, such as Housing and Urban Development Corp., under these and other principles:

- Those engaged in similar business activities should be consolidated.
- Those operating in local regions should be reorganized into a national corporation.
- Those that can achieve financial independence should be privatized.

BOJ Urges Further Deregulation To Cut Surplus

OW0206123894 Tokyo KYODO in English 0949 GMT 2 Jun 94

[Text] Tokyo, June 2 KYODO—Japan should further deregulate the economy to help cut its trade surplus, boost consumer purchasing power and expand business opportunities, the Bank of Japan (BOJ) said Thursday [2 June].

"Deregulation will contribute to a swift adjustment of Japan's economy" as structural economic changes proceed worldwide, the central bank in its annual review of monetary and economic developments for the fiscal year through March.

It said easing curbs that cause economic inefficiencies will help bring balance to what it called Japan's excessive

savings and insufficient investment. That would address the structural element of Japan's large external surplus, it said.

Japan has amassed a large external surplus while domestic "social infrastructure and housing stock are relatively poor by international standards," the report notes.

As trade expands with the booming economies of East Asia, the report says, deregulation will help allocate resources more efficiently, improving purchasing power through lower prices and expanding business opportunities and new industries, it says.

The report notes the hollowing out of Japanese industry, with auto and electrical appliance production shifting to East Asia as the yen surges and those countries augment their low-wage advantages with increased technological capability.

Japanese manufacturers are thus under pressure to emphasize "technology-intensive goods production," the BOJ says.

The high yen, lower overseas costs and deregulation are forcing prices down in the nonmanufacturing sector, it says. That will boost real household income eventually but force more corporate restructuring, the report says.

Adjustments in the global industrial structure, as well as domestic stock and balance-sheet adjustments, have prolonged and deepened Japan's recession, the report says.

In judging Japan's economy, the report mirrors other recent assessments by the BOJ and its governor, Yasushi Mieno.

"A greater number of economic indicators have recently improved, and the economy appears to have stopped weakening," it says. "The pace of recovery will likely be slow, however, in light of balance-sheet adjustments and the drastic changes in the industrial structure that are underway."

With their balance sheets battered by bad loans left from the collapse of the late 1980s speculative "bubble," financial institutions have been less able to take risks, the report says. That apparently contributed to low fiscal 1993 growth in bank lending and money supply, it says.

But "the extent to which the balance sheet problem has influenced economic growth is uncertain," the report adds.

The BOJ also says banks and other institutions "seem to have become more willing to enhance long-term competitiveness by making active writeoffs" of the bad loans they hold. But it says more time will be needed to finish writing off the bad loans.

Rises this year in long-term interest rates reflected a market correction from earlier large falls and the rises were sustained by hopes of economic improvement, it said.

The BOJ's own record-low discount rate and other easy money policies have "given underlying strength to the economy" by boosting housing investment and corporate profits and laid the grounds for corporate and financial restructuring, the report says.

Government, Ruling Coalition Parties on Wheat Price

Price Left Unchanged

OW0306011894 Tokyo KYODO in English 0106 GMT 3 Jun 94

[Text] Tokyo, June 3 KYODO—The Japanese Government and the ruling coalition parties agreed early Friday not to cut the government purchase price for wheat in fiscal 1994, government sources said.

The government purchase price, or producers' price, will stay unchanged for the third consecutive year despite the government's desire to cut the price. Mutsuki Kato, minister of agriculture, forestry and fisheries, will refer the agreement to the rice price council at a meeting to be held later in the day, the sources said.

The government had wanted to narrow the price gap between Japan and other countries. The price of domestic wheat is said five times higher than the price of imported grains. But the coalition parties, which were backed by wheat producers opposed to the price cut, claimed a cut would weaken production capacity.

The wheat price was cut for six years in a row from 1986. The Liberal Democratic Party (LDP) and Social Democratic Party (SDP) were also opposed to the price cut for fiscal 1994. The council will apparently decide the wheat price on the advice of the ministry.

Minister Comments

OW0306031694 Tokyo KYODO in English 0310 GMT 3 Jun 94

[Text] Tokyo, June 3 KYODO—An agreement to leave government-set wheat prices unchanged for fiscal 1994 will not affect later negotiations for rice prices, Finance Minister Hirohisa Fujii said Friday [3 June]. The wheat-price accord reached earlier Friday by the government and the ruling parties was the "utmost decision," Fujii said at a news conference after a morning cabinet meeting.

Under the accord, the price the government pays to farmers for wheat will be frozen for the third consecutive year. Conditions for setting wheat prices are different from those for rice prices, Fujii said. "We must work to win the support of growers and the public" on rice prices, he added. The area under cultivation for wheat is on the

decline and "simple calculations" based on supply and demand indicate a need for a price cut, he said.

Strong opposition within the ruling coalition parties to a cut in the price paid to wheat growers resulted in the accord to freeze prices. The government's policy is to lower prices to narrow the gap between prices at home and abroad. Japan's government-set wheat prices are about five times world market levels. Fiscal 1994 government purchase prices for rice will be decided in early July.

Asked about a reported threat by the national tax administration agency to withhold licenses to sell beer from leading supermarket chain Daiei Inc., Fujii said he knew nothing about it but would look into the matter. Agency officials reportedly told Daiei that its plans to reduce retail beer prices despite a recent beer tax hike are "making it difficult" for the agency to grant licenses to sell alcoholic beverages to new stores to be opened by Daiei.

Fujii said price-setting is "basically free," but that beer is "one of the special products that involves various social problems such as underage drinking and alcoholism."

EPA Chief on 'Old-Fashioned' Hiring of Women

OW0306031394 Tokyo KYODO in English 0300 GMT 3 Jun 94

[Text] Tokyo, June 3 KYODO—Japan's economic planning chief Yoshio Terasawa lamented Friday [3 June] as "old-fashioned" and a "waste" the nation's male-dominated hiring practices. The director general of the Economic Planning Agency (EPA) said he told other cabinet members that "Japan is strange" in not hiring large numbers of women as a matter of course, as he said U.S. and European banks and securities firms do.

Terasawa did not offer statistics on foreign hiring practices but told a regular news conference he was giving his impression from more than 20 years in the United States, including a stint as vice president of Nomura Securities Co. and head of its U.S. subsidiary. "It's obvious there are a lot of excellent women," but corporate hiring practices hold them back, he said. "It's certainly a waste for Japan's excellent women."

Prime Minister Tsutomu Hata sought the cooperation of all related ministers at a gathering after the morning cabinet meeting to promote fairer hiring of women, according to top government spokesman Hiroshi Kumagai. Hata said women must be allowed to participate equally in various sectors of society to demonstrate their abilities, said Kumagai, chief cabinet secretary and minister in charge of women's issues, at a separate news conference.

Terasawa, citing Japanese corporate hiring quotas for each sex among business school graduates, said, "it's old-fashioned to say, 'how many men and how many women.' "

Labor Minister Kunio Hatoyama agreed in principle, Terasawa said, but responded that if companies don't allot a certain number of spaces for women, "they'll end up (hiring) all men."

Mongolia

Democratic Union Leader Released of MP Duties

BK0306073894 Ulaanbaatar MONTSAME in English 1216 GMT 2 Jun 94

[Text] Ulaanbaatar, June 2 (OANA-MONTSAME)—T. Elbegdorj leader of the largest public and political establishment of Mongolia—the Mongolian Democratic Union (MDU) who was one of those laying down foundations for democratic transforming of the country and being currently in opposition to the incumbent authorities has been released today by the session of the Great State Hural of Mongolia of his duties of a member of the parliament. Out of the 57 members of the parliament being present at the sitting some 69.6 percent of them voted for complying with the request by T. Elbegdorj on releasing him of his duties of legislator which was filed by himself during the days of this April hunger strike. His refusal of parliamentarianism he motivated by the impossibility to be representing the interests of its voters in the parliament. He reaffirmed his refusal at the meeting. Meanwhile the majority of members of the parliament were of other opinion considering T. Elbegdorj has lost both moral and juridical right to be an MP bearing in mind the recent hunger strike calling for the resignation of the government of members and supporters of the MDU and the accuse of being guilty in leaking the state classified information which was brought against him by the Central Investigation Board. It is likely that it is the latter which would be applied as a basis for the parliamentary bill on releasing T. Elbegdorj of his duties of an MP.

MONTSAME Carries Press Review for 2 Jun

BK0306073694 Ulaanbaatar MONTSAME in English 1209 GMT 2 Jun 94

[Text] Ulaanbaatar, June 2 (OANA-MONTSAME)—It is likely that the composition of the government's team would be changed by resigning of some of its members judging from some publications of the newspaper "ARDIYN ERH" and the newspaper "UNEN" issued by the ruling Mongolian People's Revolutionary Party [MPRP]. If the central official press "ARDIYN ERH" on its first pages is demanding in the editorial to undertake serious measures in tackling properly the cabinet of ministers up to removing from the composition of some its members, the "UNEN" is directly naming those ministries and departments which leaders have been viewed to quit their ministerial posts. In substantiating its criticism the "UNEN" resorts to the arguments put forth by the democrats voiced during the days of a political hunger strike in April for the resignation of the

government. The "ARDIYN ERH" is quoting the General Secretary of the ruling MPRP B. Dashyondon as saying that it is quite possible to provide changes in the team of the government. The "ARDIYN ERH" of today calls the name of the Minister of External Relations T. Gombosuren devoting him a whole page in today's issue. Holding his post T. Gombosuren managed to outlive three premiers namely D. Sodnom, S. Gungaadorj and D. Byambasuren.

Among the writers of the country the pursuit for the year's state prize is carrying on. The prize is awarded annually on the eve of the main holiday of the country being the Naadam which is celebrated in July. The "ARDIYN ERH" publishes an article by Doctor L. Tudev who is standing for conferring all the candidates excepting D. Maam, a writer who three years ago headed the alternative writers' organization.

At the conference held in Cairo of foreign ministers of nonaligned movement countries Mongolia released a memorandum on the issues under discussion as an official document of the conference which is provided in today's issue of the newspaper as well.

The newspaper informs that Mongolian businessmen still continue in order to make their own profit betraying the national interests of the country. The fact that two years ago the U.S.A granted the most favourable terms nation's status to Mongolia has lead to the growing interest arose on the part of many Hong Kong's firms to Mongolia. During the last period several attempts to bring into the country of finished production with forged documents on their manufacturing in Mongolia for reselling on the U.S. market have been revealed. The newspaper reports about one of such cases where there are involved in some firms of China and Hong Kong.

The newspaper "UNEN" carries an interview with member of the steering council of the MPRP, chairman of the Standing Committee of the parliament N. Bayarsaihan. The main topic of the interview is the progress in reference to the economic reformings, its outcome and prospects for near future. N. Bayarsaihan acknowledges that the aim of the government being to check the decline in production, and attain stabilizing of the situation for a two-year-long period has not been fulfilled. He is in favour of intensifying the privatization of state-owned property. So far the most of national wealth is still nobody's. Moreover there have been formed some groupings interested in retaining such a case in order to dispose as they think fit of this no man's property, said N. Bayarsaihan. To corroborate this statement, he quotes the names of joint stock companies with prevailing state-owned property pattern.

North Korea

Kim Yong-nam Writes to UN Secretary General

SK0306050894 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 2 Jun 94

[Text] Vice-premier and Foreign Minister Kim Yong-nam sent a letter to UN Secretary General Butrus

Butrus-Ghali regarding an important measure [chungaechan chochi] taken by the DPRK Government recently to establish a new peace guarantee system [saeroun pyonghwa pojang chegye] on the Korean peninsula. The letter is as follows:

His Excellency Butrus Butrus-Ghali, UN Secretary General:

Esteemed His Excellency Secretary General,

Paying my respects to Your Excellency, I send this letter to you regarding an important measure taken by the government of the Republic recently to establish a new peace guarantee system on the Korean peninsula.

As you know already, the DPRK Government, through a statement of the Foreign Ministry on 28 April, proposed to the United States to hold negotiations to establish a new peace guarantee system that would replace the old armistice mechanism.

As you confirmed personally during your visit to our country toward the end of last year, an unstable [pulanjonghan] state of truce, neither peace nor war, has lasted for over 40 years on the Korean peninsula.

The situation on the Korean peninsula has become all the more strained [kinjang haejigo issumyo] and the possibility of a total armed conflict is gradually increasing [chonmyon muryok chungdolui kanung-songun chomjom to kojigo issumnida] with the amassing of huge reinforcements in and around South Korea and the stepping up of military actions against us on the pretext of the nuclear issue by the United States from the start of this year.

The Korean Armistice Agreement and its observation mechanism should have controlled such actions, but they have failed to play any role due to the U.S. side's systematic acts of division and destruction [chegyegogin yurin malsal haengwiro hayo].

In 1956, the United States expelled the Neutral Nations Inspection teams stationed at appropriate ports of entry under Paragraph C, Article 2 of the Korean Armistice Agreement from the area under its control and, on June 21, 1957, it unilaterally renounced Subparagraph 13d of the Korean Armistice Agreement which stipulates that the introduction into Korea of reinforcing combat equipment shall be ceased. Since then, the United States has shipped sophisticated weapons including over 1,000 pieces of nuclear weapons into South Korea without any restrictions and it has become all the more undisguised of late in its shipments of such combat equipment.

While working to systematically destroy [chegyegoguro pagoe hayo odaga] the military armistice mechanism, the U.S. side completely paralyzed [wanjonhi mabi sikyosumnida] it on March 25, 1991, by unilaterally appointing a South Korean serviceman as the senior member of the UN Forces side to the Military Armistice Commission [MAC] without any legal justification or qualification in view of the Armistice Agreement.

Present-day reality in which the basic provisions of the Armistice Agreement that should guarantee peace on the Korean peninsula have been scrapped [pagi toeyotko] and the armistice observation mechanism now remains in name only, requires that decisive measures [kyolcho-ngjok taechaek] be taken to establish a new security guarantee system to save the situation [sataerul susub-hago] which has reached a danger line [wihom kyeson] and to prevent arms buildup and the outbreak of another war.

In fact, the Korean Armistice Agreement signed on 27 July 1953, was a tentative measure taken to stop combat actions between the two hostile sides [kyojon ssangbang-saiui] in anticipation of future conversion into a peace agreement.

Therefore, the adoption of resolution 3390-B, calling for the dissolution of the UN command and the replacement of the Armistice Agreement by a peace agreement at the 30th session of the UN General Assembly in 1975, was a very just measure [maeu chongdanghan chochi] to ensure a lasting peace [hangujogin pyonghwa] on the Korean peninsula and it opened a bright prospect for the final solution [chonggukchok haegyol] of the Korean question.

The DPRK Government has taken initiatives and proposed negotiations on many occasions to ensure durable peace [kongohan pyonghwa] on the Korean peninsula and made tireless efforts [kkujunhi noryok hayossum-nida] to put them into effect.

Nonaggression was vowed by the North and the South through the agreement on reconciliation, nonaggression, cooperation and exchange between the North and the South adopted in 1992 as a result of our positive efforts. But we are still in a state of truce vis-a-vis the United States which keeps its Armed Forces stationed in South Korea.

The UN command, recognized as a signatory to the Armistice Agreement, serves the strategic aim of the United States to isolate and stifle [korip apsal] us and establish control over Asia and the Pacific region, which is an aim which has nothing to do with the UN mission to keep peace in South Korea. I think, therefore, that there is no condition for the U.S. Forces present in South Korea to act as the UN Forces any longer.

Taking into consideration the actual conditions where a grave situation threatening peace [pyonghwarul wihyop hanun omjunghan sataega] had been created on the Korean peninsula but there was no rational institutional mechanism capable of controlling it, the DPRK Government proposed to the U.S. side to negotiate the establishment of a new durable peace guarantee system that will replace the old armistice mechanism and, at the same time, took practical measures, recalling all the members of the Korean People's Army [KPA] side from the MAC, setting up the KPA mission at Panmunjom as

a new mechanism for negotiations with the U.S. Forces side and of appointing the chief and members of the mission.

This is, to all intents and purposes, an innovative and well-intentioned step [hyoksinjogigo sonuijogin chochi] to make a breakthrough in establishing a new security guarantee system for peace on the Korean peninsula and a peaceloving step that took into account the publicly accepted international usage whereby some countries abandoned the relationship of hostilities after the Second World War and declared peace relationship instead.

I think that the United Nations must pay due attention to our proposal in the sense of liquidating its unpleasant past affairs [pulmihan kwagorul chongsan hanun] with our country, its member state, and in the sense of fulfilling its resolution to replace the Armistice Agreement with a peace agreement.

The nuclear issue over which some countries are now making a fuss is, in fact, not a question to be discussed by the United Nations, but one that must be solved through DPRK-U.S. dialogue [chomi taehwa].

If the United Nations, yields to the unjust demand [pudanghan yogudaero] of some countries and attempts to resolve the nuclear issue on the Korean peninsula in such a manner as to impose sanctions on someone else, it will, no doubt, bring catastrophic consequences menacing peace [pyonghwarul wihyop hanun pagukchogin hukwarul kajo oriranun koson] in Asia and the rest of the world, not to speak of the Korean peninsula.

With a view to accelerating [taguchigi wihayo] the process of replacing the Armistice Agreement with a peace agreement in accordance with the resolution of the 30th General Assembly, the United Nations must take a practical step to dismantle the UN command, a framework of the old armistice structure.

In conclusion, I express the hope that Your Excellency will pay particular attention to our peace overture to establish a new peace guarantee system through DPRK-U.S. negotiations [chomi hyopsang] and actively cooperate in its materialization.

Atomic Energy Department Issues Statement

*SK0306024294 Pyongyang Korean Central
Broadcasting Network in Korean 2210 GMT 2 Jun 94*

["Press Statement [tamhwa]" by a spokesman of the DPRK Atomic Energy General Department on 2 June—read by announcer]

[Text] A spokesman for the DPRK General Department of the Atomic Energy issued a press statement yesterday [2 June] denouncing the unjust pressure commotion [pudanghan amnyok sodongul kyutanhaeso] by the International Atomic Energy Agency [IAEA] and some

member nations of the UN Security Council over our core refueling operations [nosim yollyo kyoche].

The press statement reads:

Recently, the IAEA Secretariat submitted to the UN Security Council a wrong report related to the core refueling operations at the five megawatt experimental nuclear power plant in the DPRK, misrepresenting facts as if our method of the core refueling operations would make the technical possibility of the later measurement of fuel rods difficult. Accordingly, the UN Security Council hastily adopted a so-called presidential statement.

As is known, our five megawatt experimental nuclear power plant had no other choice but to begin the core refueling operations from early May for technical or safety reasons.

Since we are in a special status [tuksu chiwi] following the temporary suspension of the effectuation of our declared withdrawal from the Nuclear Nonproliferation Treaty, we are not under obligation to accept routine and ad hoc inspections [chonggi mit pijonggi sachal] under the safeguards agreement but are obligated only to ensure inspection in the scope for the continuity of safeguards [tamboui yonsoksong pojange piryohan pom-wiui sacharul pojanghamyon toenda].

The selection and securing [sontaek pogwan] of some fuel rods requested by the IAEA with regard to the core refueling operations is activities for the verification of the completeness of the initial report. In the long run, this activity falls under the category of ad hoc inspection.

Therefore, the selection and securing of some fuel rods can never be allowed before our special status is dissolved [haesodoegi chonenun].

But, we are doing the core refueling operations in such a manner to fully guarantee [chungbunhi pojonhanun pangboburo] the technical possibility for later measurement of such fuel rods as requested by the agency in token of good faith [sonuijok chochie ttara], anticipating a dissolution of our special status.

At present, the operations of the core refueling and all the fuel in the transfer channel, spent fuel tub [pyeyolloyo sujo] and damaged fuel dry storage [pason yollyo konsik pogwango] are under strict containment [pongswae] and surveillance by the agency.

Two surveillance cameras installed by the agency at the reactor hall, where refueling is going on, are monitoring the core area [nosim kuyok], fuel channels, equipment hatch, and movements of the refueling machines. The agency's spent fuel rod counter system [pyeyolloyo kyesugi] with a silicon semi-conductor detector [kyuso pandoché komchulgi], a fission chamber [punyolham], an ionization chamber, and a position sensor has been installed in the spent fuel discharge channel to constantly measure and count the spent fuel being discharged into baskets.

The agency has installed thermoluminescence detectors and sealing devices in all the channels which may be considered to be diversion paths and two surveillance cameras in the building of the spent fuel tub to monitor and control the flow of nuclear material.

Notably, at the time of the inspection in May, in order to increase efficiency of the surveillance devices of the IAEA during the refueling, we provided all the conditions requested by the agency, such as the replacement of computers and their parts in the spent fuel rod counter [pyeyolloyo kyesugi], the installation of uninterruptable power [mujongjon chonwon] supply to the IAEA surveillance devices and a lighting system for the spent fuel tub building.

Thus, the non-diversion of nuclear material during the refueling is firmly guaranteed. This is admitted by the inspectors of the agency now observing the whole procedure of refueling.

Our core refueling operations are being done in such a manner to guarantee the technical possibility of later measurement.

The fuel rods have been unloaded from the reactor core by the refueling machine channel by channel, area by area [kuyokpyollo] in sequence in the reactor hall, and all the spent fuel rods from four channels have been discharged into one basket.

Baskets of spent fuel are placed in their own positions of the spent fuel tub.

All the refueling operations, including recording the basket identification number, the channel identification number, the sequence of fuel rods in channels, and the position of baskets in the tub, are being correctly recorded in accounting and operating books [hoegye mit unyong mungon].

Also the identification number of baskets and their positions in the tub are being strictly ascertained by the agency's inspectors now present during the refueling operations.

This shows that the refueling operations are now being conducted in the presence of IAEA inspectors in such a manner to guarantee technical possibilities of their future measurement.

So, it is possible to reconstruct the channels of the fuel rods in baskets and the sequence of rods in the channels in any time if necessary.

The channels of fuel rods and the sequence of fuel rods in them can be identified by means of the measured value of the gamma rays for the fuel rods and the calculated value of the distribution of neutron flux along the channels.

This method has been fully proven through experiment under wet and dry conditions. When this method is applied, the working amount of measurement may be

slightly larger than that by the method of selecting fuel rods in the reactor core. But it is the only rational method [yuirhagye hamnijogin pangbop] in our present situation.

It is a scientific method proposed by the operators in the spirit of cooperation, out of the sincere desire to demonstrate the transparency of our nuclear activities even in the special status.

At the consultation held in Pyongyang a few days ago as regards the refueling, the head of the IAEA delegation also said that the method we proposed was theoretically reasonable [ironjoguro tadanghadago hamyonso] and that he would study it back at the agency and inform us of the results.

Nevertheless, some officials [kyechung] of agency's Secretariat hurriedly submitted to the UN Security Council a report based on their unilateral, unjust judgment [ilbangjogin pudanghan pyongga] that the technical possibility of a future measurement of the fuel rods is insufficient [pulchungbun], on May 27 when the negotiations were under way, before the consultation team arrived in Vienna, not waiting for the results.

Since the agency promised us to study our proposal after going back to Vienna, it should have given us a scientific and technical clarification on it.

Meanwhile, the UN Security Council did a very irresponsible and unfair thing [simhi muchaegimhagye pyongyonjoguro haengdong hayodda] according to a scenario written by some member nations beforehand, claiming that the core refueling operation must be made in accordance with the demand of the agency and, if not, the technical possibility of later measurement of the fuel rods might be lost.

Such an unjustifiable behavior [pudanghan chosa] of the agency Secretariat and the UN Security Council was not merely by chance.

The agency Secretariat deliberately avoided being present at the refueling, ignoring our just proposal for its presence from the beginning, and hindered [chijangul chuodda] the normal operation of our nuclear facilities. When we were compelled to start the refueling operation for technical or safety reasons, it charged [sibihae nasodda] that we started the refueling in the absence of the agency inspectors.

The unjustifiable pressure campaign [pudanghan amnyok sodong] launched by the IAEA and some member nations of the UN Security Council with regard to our core refueling operation bears close resemblance to their previous pressure campaign based on the results of the inspection in March.

It is their trite method to lay deliberately lay obstacles in the way of the solution to the nuclear problem by unreasonably [pudanghagye] taking the issue to the United Nations and internationalizing and politicizing it

each time some progress has been made in its solution by our sincere efforts and flexible position [sinchuksong innun ipcang].

Facts clearly show that the agency Secretariat has pursued a sinister political purpose [pulsunhan chongchijok mokchogul chuguhago ittanungosul] of crushing [apsal] us from the beginning according to a ready-made scenario, far from taking a stand for a fair solution [kongjonghage haegyol hajanun ipchangiragi podanun] to our nuclear issue.

If some officials of the IAEA Secretariat declare that the technical possibility of the future measurement of the fuel rods is gone, we cannot but take a decisive counter-measure [kue taenghan kyolchongjogin chochirul chwhihaji anunulsu opke doelgosida].

If the agency Secretariat truly wants a solution to our nuclear problem, it must not continue expanding its partiality [pulgongjongsong] with such unreasonable acts [pudanghan haengwi] as hurriedly submitting a report based on a wrong judgment [kuruttoen pyongga] to the UN Security Council as it did this time, but squarely look at the reality and return to its original, fair position befitting an international organization.

KCNA Reports on Statement

SK0206154994 Pyongyang KCNA in English 1539
GMT 2 Jun 94

["IAEA Secretariat Should Look Squarely at Reality and Return to Position of Impartiality—Statement of Spokesman for General Department of the Atomic Energy"—KCNA headline]

[Text] Pyongyang, June 2 (KCNA)—A spokesman for the General Department of the Atomic Energy of the Democratic People's Republic of Korea issued a statement today concerning the fact that a spokesman for the Secretariat of the International Atomic Energy Agency [IAEA] submitted a wrong report on the reactor core refueling operations in the DPRK to the UN Security Council and the council subsequently adopted a "presidential statement" on it.

The statement reads:

Recently, the Secretariat of the International Atomic Energy Agency (IAEA) submitted to the UN Security Council a wrong report related to the core refueling operations at the five megawatt experimental nuclear power plant in the DPRK, misrepresenting facts as if the method of the core refueling operations employed by the DPRK would offer slim technical possibility of the later measurement of fuel rods, and the UN Security Council, accordingly, adopted posthaste a "presidential statement".

As is known, our five megawatt experimental nuclear power plant had no other choice but to begin the core refuelling operations from early May for technical or safety reasons.

Since we are in a unique status following the temporary suspension of the effectuation of our declared withdrawal from the [Nuclear] Non-Proliferation Treaty, we are not under obligation to accept routine and ad hoc inspections under the safeguards agreement but are obligated only to ensure the inspection for the continuity of safeguards knowledge.

The selection and securing of some fuel rods requested by the IAEA with regard to the core refueling operations is activities for the verification of the completeness of the initial report. In the long run, this activity falls under the category of ad hoc inspection.

The selection and securing of some fuel rods, therefore, can never be allowed before our unique status is removed.

But, we are doing the core refueling operations in such a manner that we fully preserve technical possibility for later measurement of such fuel rods as requested by the agency in token of good faith, anticipating a dissolution of our unique status.

At present, the operations of the core refueling and all the fuel in the transfer channel, spent fuel pond and damaged fuel dry storage are under strict containment and surveillance by the agency.

Two surveillance cameras installed by the agency at the reactor hall where refueling is going on, are monitoring the core area, fuel channels and equipment hatch and movements of the refueling machines. And the IAEA spent fuel rod counter system with a silicon semiconductor detector, a fission chamber, an ionization chamber and a position sensor has been installed in the spent fuel discharge channel to constantly measure and count the spent fuel rod being discharged into baskets.

The agency has planted thermoluminescence detectors and seals in all the channels which may be considered to be diversion paths and two surveillance cameras in the building of the spent fuel pond, to monitor and control the flow of nuclear material.

Notably, at the time of the inspection in May, in order to make efficient use of the surveillance devices of the agency during the refueling, we provided all the conditions requested by it, such as the replacement of computers and their parts in the spent fuel rod counter, the installation of uninterruptable power supply to the IAEA surveillance devices and lighting system for spent fuel pond building.

Thus, the non-diversion of nuclear material during the refueling, is firmly guaranteed.

This is admitted by the inspectors of the agency now observing the whole processes of refueling.

Our core refueling operations is being done in such a manner that we preserve technical possibility of later measurement.

The fuel rods have been unloaded from the reactor core by the refueling machine channel by channel, channel group by channel group in sequence in the reactor hall, and all the spent fuel rods from four channels have been discharged into one basket.

Baskets of spent fuel are placed in their own positions of the spent fuel pond.

Accounting and operating records concerning all the operation of refueling, including the basket identification number, the channel identification number, the sequence of fuel rods in channels, and the position of baskets in the pond, are being kept at facility.

Also the identification number of baskets and their positions in the pond are being strictly ascertained by the agency's inspectors now present during the operation of refueling.

This shows that the refueling operations are now being conducted in the presence of IAEA inspectors in such a manner that we preserve technical possibilities of their future measurement.

So, it is possible to reconstruct the channels of the fuel rods in baskets and the sequence of rods in the channels in any time if necessary.

The channels of fuel rods and the sequence of fuel rods in them can be identified by means of the measured value of the gamma rays for the fuel rods and the calculated value of the distribution of neutron flux along the channels.

This method has been fully proved through experiment under wet and dry conditions. When this method is applied, the working amount of measurement may slightly be larger than that by the method of selecting fuel rods in the reactor core. But it is the only rational method in our present situation.

It is a scientific method proposed by the operators in the spirit of cooperation, out of the sincere desire to demonstrate the transparency of our nuclear activities.

At the consultation held in Pyongyang a few days ago as regards the refueling, the head of the IAEA delegation, too, said that the DPRK-proposed method was reasonable from the theoretical point of view and that he would study it back at the agency, and inform us of the results.

This notwithstanding, some officials of the IAEA Secretariat hurriedly submitted to the United Nations Security Council a report based on their unilateral, wrong judgement that the technical possibility of a future measurement of the fuel rods is insufficient, on May 27 when the negotiations were under way, before the consultation team arrived in Vienna, not waiting for the results.

Since the agency promised us to study our proposal after going back to Vienna, it should have given us a scientific and technical clarification.

Meanwhile, the United Nations Security Council did a very irresponsible and unfair act according to a scenario written by some member nations beforehand, claiming that the core refueling operation must be made in accordance with the standards of the agency and, if not, the technical possibility of later measurement of the fuel rods might be lost.

Such an unjustifiable behavior of the agency Secretariat and the UN Security Council was by no means fortuitous.

The agency Secretariat deliberately avoided presence at the refueling ignoring our just proposal for its presence from the beginning, and hindered the normal operation of our nuclear facilities.

When we were compelled to start the refueling operation for technical or safety reasons, it charged that we started the refueling in the absence of its inspectors.

The unjustifiable pressure campaign launched against us by the IAEA and some member nations of the UN Security Council with regard to the core refueling operation in our country bears close resemblance to the previous pressure campaign based on the results of the inspection in March.

It is their trite method to lay deliberate obstacles in the way of the solution to the nuclear issue by unreasonably taking the "nuclear issue" of the DPRK to the United Nations and internationalizing and politicizing it each time some progress was made in its solution by the DPRK's sincere efforts and flexible position.

Facts clearly indicate that the agency Secretariat has pursued a sinister political purpose of stifling the DPRK from the beginning according to a ready-made scenario, far from taking a stand for a solution to the "nuclear issue" of the DPRK.

If some officials of the agency Secretariat declare that the technical possibility of the future measurement of the fuel rods is gone, we cannot but take a decisive counter-measure.

If the IAEA Secretariat truly want a solution to the "nuclear issue" of the DPRK, it must not continue expanding its partiality with such unreasonable acts as hurriedly submitting a report based on a wrong judgement to the UN Security Council as it did this time, but squarely look at the situation and return to its original, fair position befitting an international organization.

Atomic Energy Official Urges IAEA Inspection
SK0306055694 Pyongyang KCNA in English 0538
GMT 3 Jun 94

[**"IAEA Must Take Measure for Strict Inspection of All Nuclear Facilities of Japan"**—KCNA headline]

[Text] Pyongyang, June 3 (KCNA)—The spokesman for the General Department of the Atomic Energy of the

Democratic People's Republic of Korea on Friday answered a question put by KCNA on the fact that the International Atomic Energy Agency [IAEA] is defending the concealment of plutonium by Japan.

The spokesman said:

The International Atomic Energy Agency recently published a communique to the effect that it did not call in question the discovery of a large amount of unaccounted-for plutonium in Japan. This fully reveals the partiality and irresponsibility of the agency.

The agency claims that it had known the accumulation of a fabulous amount of plutonium "in the form of dust and waste" at the tokaimura nuclear fuel-making plant of Japan. But facts clearly prove that it had been in the dark about it in actuality.

According to a media report, when the South Korean authorities requested the clarification of the background of the discovery of the unaccounted-for plutonium in Japan on May 12, Japan herself admitted that 70 kg of unaccounted-for plutonium had been discovered at the Tokaimura nuclear fuel-making plant.

The donen (the power reactor and nuclear fuel development business), the operator of the Tokaimura plant, informed the ITAR- TASS on May 10 that the plutonium in question was discovered in April by inspectors of the agency during their scheduled inspection of the plant.

The Japanese paper JAPAN TIMES said the agency would have never known that hidden raw material was being prepared in Japan for nuclear bombs, unless a secret report of the U.S. Nuclear Control Institute tipped it off about that.

The director of the U.S. Nuclear Control Institute pointed out in a more explicit term that though high-tech facilities supervising the amount of remaining plutonium are installed in the plant, the inaccuracy of measurement is high and the amount of plutonium that might be accumulated in that course is fabulous and, in view of this, the agency cannot confidently declare that plutonium enough to make one or more nuclear bombs has not been diverted from the plant and the problem is that the agency's safeguards cannot detect the possible crafty divergence of plutonium at the nuclear fuel plant.

Nevertheless, the agency, without so much as a proper explanation about the case, claims that it had known of the plutonium in question at the Tokaimura plant and it is now under its safeguards. We are quite surprised at this absurd claim.

While maximizing and taking issue with a tiny amount of reported plutonium of the DPRK which was extracted for experimental purpose, the agency is zealously defending the ridiculous amount of unreported plutonium of Japan which is undeniably high in the possibility of diversion and, ignoring the demand of the world community for the clarification of the truth, refuted it

off-hand with a sheet of communique. This irresponsible act has brought into bolder relief the partiality of the agency and its application of a double standard and makes us feel a stronger doubt as to its mission and credibility.

By defending the case, the agency itself has, after all, given the strong impression that its inspection depends on political considerations.

Since the case occurred when Japan has not definitely renounced its excessive stockpile of plutonium and, worse still, her nuclear armament has reached a practical danger line, the agency, true to its mission, must call it in question and discuss it at the board of governors and take a measure for an overall and strict inspection of all the facilities of Japan, thus dispelling the serious concern of the world community over the nuclear armament of Japan and her conversion into a military power.

We will follow the move of the agency.

Commentary Denounces Kim Yong-sam's Alert Order

*SK0306122294 Pyongyang Korean Central
Broadcasting Network in Korean 1225 GMT 2 Jun 94*

[Commentary by Yun Pyong-son: "Reflex of a Ruling Crisis"]

[Text] According to reports, traitor Kim Yong-sam ordered the entire Army and police to be put on a special and emergency alert beginning 31 May due to his overseas trip. Those who are called major commanders, accordingly, assumed a 24-hour standing-by posture at communication stations and the entire puppet Armed Forces assumed a combat posture. Also, the police are even more frenzied in fascist oppression.

This is an intolerable criminal act aimed at further aggravating tensions by raising an outcry over us.

The puppets are talking as if these measures were needed because of someone's possible southward invasion, but this is a preposterous sophistry that cannot convince anybody.

As everyone knows, there is no threat of a southward invasion on the Korean peninsula. The puppets have been advertising a threat of southward invasion for the past scores of years, but it has never existed. This is demonstrated well by the many peace proposals we put forward and the fact that the South side was urged to accede to the proposal for a national meeting without hesitation at the conference of the government, political parties, and social organizations of the Republic recently held in Pyongyang.

In fact, there is no southward invasion, but only a threat of a northward invasion posed by the U.S. imperialists and their puppet Kim Yong-sam group exists on the Korean peninsula. This is admitted [kongin] by the world.

The U.S. imperialists are openly saying that they are ready for a war [chongjaengdo pulsa hageddago], mobilizing large scale updated war equipment and troops on and around the Korean peninsula over our so-called nuclear issue. The puppet Armed Forces have assumed a mobilization posture so as to immediately begin a war upon receiving an order. They also conduct large-scale joint landing operations aimed at a northward invasion and conduct frequent exercises to pass through the Military Demarcation Line. All these facts clearly show who is actually aggravating tensions and increasing the danger of invasion on the Korean peninsula.

The puppets' outcry over us is nothing but a ruse for deceiving [kiman] public opinion at home and abroad and for justifying their war commotion for a northward invasion.

Why then are South Korean puppets making a stir with a special and emergency alert order for the entire puppet Army and police? This is because their aim is to bolster [kochwi] the South Korean people's sense of confrontation [taegyol uisik], with the puppet traitor's overseas trip as momentum, and at frazzling [hanchung to kjangsikyoso] the situation aggravated by themselves and driving it to a war phase.

This is proved by the following facts: Kim Yong-sam called a security-related ministers meeting a few days ago and made very belligerent outbursts [hojonjok pogon] that a 24-hour alert posture should be assumed, that the South Korean-U.S. joint alert posture should be strengthened, and so on. In his so-called statement addressed to the people that followed the meeting, he loudly talked about the need for the people to have a firm security sense and security posture.

This is not the only aim the puppets are pursuing. Traitor Kim Yong-sam has begun an overseas trip, but he feels uneasy. As everyone knows, South Korean people of various classes and strata are waging a large-scale struggle against the agricultural market opening, the antiwar and antinuclear struggle, the wage struggle, and the struggle for the fatherland's reunification all over the country.

As the South Korean economy has been ruined by businesses going bankrupt and inflation, the mummings of grievance of the people who are disenchanted [hwanmyorul nuggin] by the Kim Yong-sam regime is ringing all over the country. Thus, the puppets are suffering a serious ruling crisis [simgakhan tongchi wigi].

Although traitor Kim Yong-sam is visiting overseas, no one knows what will happen in South Korea at any point. Traitor Kim Yong-sam's special and emergency alert order reflects this shaky situation [iron puransuroun chojiui panyonguroso] and it is also aimed at maintaining power by oppressing opposition forces [pandaepa seryok] with weapons [chongkallo] and by diverting the people's attention with other things.

However, this is worthless. Aggravating North-South relations and threatening the people with weapons will only result in accelerating self-ruin.

The South Korean people will never leave the Kim Yong-sam group, which makes treachery to the country and the nation its business, as it is [maeguk paejok haengwirul ilsamnun kim yong-sam iltangul choltaero kamanduji anulgosimnida].

Order Said 'Treacherous Act'

*SK0306054494 Pyongyang KCNA in English 0528
GMT 3 Jun 94*

[“What Is ‘Special Alert Order’ Aimed At?”—KCNA headline]

[Text] Pyongyang, June 3 (KCNA)—The South Korean authorities issued “a special alert order” and “an emergency alert order” to the “army and police” across South Korea for the period from May 31 to June 7 with the traitor Kim Yong-sam setting out on a foreign trip.

A MINJU CHOSON analyst today says this is an unpardonable treacherous act to intentionally strain the situation on the Korean peninsula, incite North-South confrontation and step up their moves for a war against the North.

The news analyst goes on:

The puppets describe the “special alert order” as something to cope with the North’s moves, saying its “moves” must be watched, making quite a noise as if any ominous event would break out during the traitor Kim Yong-sam’s foreign tour.

This, however, is nothing more than a sophism designed to cover up their true color as the very one who is aggravating the situation on the Korean peninsula and racing headlong along the road of confrontation and war.

At present, the puppets are staging almost every day warexercises against the North including Military Demarcation Line (MDL) breakthrough operation exercises in areas near the MDL and ceaselessly committing provocations in the area along the MDL, at a time when the United States has deployed Patriot missiles and attack helicopters in South Korea and massed huge aggression forces in and around it.

The “special alert order” issued by the puppets against the North with the traitor Kim Yong-sam’s foreign tour as an occasion is aimed at making the provocation of a war against the North a fait accompli and step up preparations for it according to a war policy of the U.S. imperialists.

It is a unanimous judgement of people at home and abroad that those who are lost to reason, driven to a tight corner, may take the road of unleashing a war against the North any moment.

That, however, can never be a way out for the puppets, and it will only precipitate their own destruction.

Paper on 'Facist Suppression' of Students

*SK2705114094 Pyongyang KCNA in English 1102
GMT 27 May 94*

[“Sword-Brandishing by ‘Civilian’ Dictatorship”—KCNA headline]

[Text] Pyongyang, May 27 (KCNA)—NODONG SINMUN today denounces the fascist suppression of patriotic students by the Kim Yong-sam group in South Korea.

The analyst says:

Recently, the Kim Yong-sam group arrested students in Kwangju on charge of the violation of “the National Security Law”, after they opened photo exhibitions with several dozen pictures showing the reality of the North at Chonnam and Choson campuses in the period of the inaugural ceremony of the Kwangju-South Cholla Provincial Federation of General Student Councils. This was another fascist violence of the “civilian” dictators.

Their suppression of patriotic students who did a good thing for national unity and reunification fully revealed their true color of traitors who want neither unity nor reunification.

Photo exhibitions on the North had taken place even under the preceding military dictatorship in South Korea as part of “the movement for gaining a correct knowledge of the North.”

While talking about “reform” and “opening,” the Kim Yong-sam group is criminalizing the opening of such exhibitions. This is, indeed, a self-contradiction.

The fact shows that “reform” and “opening” advertized by the Kim Yong-sam group are nothing but a camouflage for deceiving the people and that South Korea is a zone of most brutal human rights violation and closed society of fascist dictatorship without an equal in the world.

The Kim Yong-sam fascist group must clearly see the situation, scrap “the National Security Law” and release the illegally arrested patriotic students.

Daily Rebukes Kim Yong-sam for Police Search

*SK2805062894 Pyongyang KCNA in English 0603
GMT 28 May 94*

[“Cursed Acts of ‘Civilian’ Dictator”—KCNA headline]

[Text] Pyongyang, May 28 (KCNA)—NODONG SINMUN today raps the acts of the “civilian” dictator, Kim Yong-sam, in obstructing the second meeting of the joint presidium of the National Alliance for the Country’s Reunification (Pomminnyon). The meeting was to

be held by Pomminnyon officials of the North, the South and overseas through communications in Pyongyang, Seoul and Tokyo.

Recalling that the South Korean authorities on May 26, the day of the meeting, made a surprise raid on the office room of the South side's officials of Pomminnyon, searched it, seized documents and the telephone and cut off the telephone line by mobilizing scores of policemen, the news analyst continues:

This act of blocking even a telephone meeting proves once again that the South Korean society is, indeed, a closed society where the people are not allowed to travel their own land or visit fellow countrymen or converse on the telephone and that the South Korean authority styling himself a "civilian" ruler is a fascist dictator more ferocious than the preceding military dictators.

The Kim Yong-sam fascist clique, in an attempt to foil the meeting of the joint presidium of Pomminnyon, charged that the telephone meeting contravened the "National Security Law" prohibiting a meeting with "enemy-benefiting organizations". This is a cursed act that can be done only by the traitors who dislike reunification and this confirms once again that the Kim Yong-sam group is a heinous separatist group opposed to reunification, which regards the entire nation desirous of reunification as an "enemy".

The Kim Yong-sam group must scrap and dissolve at once such anti-national and anti-reunification legal and institutional devices as the "National Security Law" and the "Security Planning Board" and stop suppressing and undermining Pomminnyon.

Kim Yong-sam's Labor-Management Policy Decried

SK2905093094 Pyongyang KCNA in English 0845 GMT 29 May 94

["Crafty Preach"—KCNA headline]

[Text] Pyongyang, May 29 (KCNA)—NODONG SINMUN today hits out at the crafty preach of "labor-management cooperation" by the traitor Kim Yong-sam.

Preaching "labor-management cooperation" recently at the "new economy promotion council," the traitor drivelled that "labor-management cooperation" is "an indispensable requisite" to surviving "the limitless competition" and he would "support" the enterprises successful in it. He cried that "efforts" must be made for "making this year the first year of labor-management cooperation."

The analyst says:

It is out of question for the employers and workers to cooperate with each other in such exploiter society as South Korea. It is like urging the wolf and the sheep to live in harmony in one pen.

Worse still, the traitor Kim Yong-sam cried for unconditional "cooperation" with existing labor act defending the interests of the employers left intact. This is tantamount to trying to persuade the workers to put up with the exploitation by the employers, not minding the unfavorable working conditions and hunger wages. This is as good as preaching the workers to be calmly fleeced and trampled down till their death.

The eloquence of the traitor Kim Yong-sam about "limitless competition" is a tricky phraseology for lulling the resistance of the workers while slashing their wages.

The traitor's doctrine of "labor-management cooperation" is a motto of exploitation and repression veiled with the word of "cooperation."

Underlying this doctrine of traitor Kim Yong-sam is his ulterior intention to squeeze political fund from the employers by ensuring their profits.

KCNA Claims Political Prisoners Held in ROK

SK3005152694 Pyongyang KCNA in English 1504 GMT 30 May 94

["S. Korea; Hangmen's Brutalities on Unconverted Long-term Prisoners"—KCNA headline]

[Text] Pyongyang, May 30 (KCNA)—Many long-term prisoners including some 40 unconverted prisoners are now kept in Taejon, Taegu, Kwangju and other South Korean prisons.

Most of them are old men in their sixties, some above 80, kept in prison for more than 20 years in general and even 43 years.

Fascist hangmen labelled those who refused to recant their belief as "political offenders" and have committed all sorts of inhumanitarian brutalities against them for scores of years, putting 9 to 10 prisoners in a 0.8 square metre room and even confining them separately in double-walled special solitary cells.

The hangmen not allowing some unconverted long-term prisoners to take exercise, meet with outsiders and receive medical treatment, some prisoner died to their chagrin behind bars without tasting a bit of medicine.

The fascist hangmen have made no scruples of making cripples of long-term prisoners or murdering them through brutal tortures.

Due to their inhumane tortures, Kim Yong-song was murdered, Son Mun-kyu killed on the spot and many other long-term prisoners were deprived of their lives and crippled physically.

It is not accidental that Kwon Nak-ki, chairman of the council of families of long-term prisoners under the council of the family movement for realizing democracy, wrote in an article titled "Personal History of Unconverted Long-term Prisoners Who Died in Prison" that

many long-term prisoners lost their lives in prison. Their deaths were frequently dismissed as deaths from disease or suicide but, actually, they were murders by the violence of dictatorial regimes".

History will never pardon the South Korean fascist hangmen's inhumanitarian brutalities against the long-term prisoners who are fighting unyieldingly in defence of their faith and conscience.

Party Leader on National Conference

*SK3105105194 Pyongyang KCNA in English 1029
GMT 31 May 94*

[Text] Pyongyang, May 31 (KCNA)—Kim Yong-ho, vice-chairman of the Central Committee of the Korean Social Democratic Party, released a statement today urging the political parties of South Korea to respond to the proposal for the convocation of a national conference at an early date. He said the convocation of the conference on the occasion of August 15 this year with one year away from the 50th anniversary of the country's liberation, is the most positive and realistic measure for sidestepping the difficulties at present and opening a way out for the nation.

He accused the South Korean authorities of taking a negative stand toward the proposal, alleging that it is "a peaceful offensive," and, at the same time, keeping political parties, organizations and individual figures of South Korea from responding to the convocation of the conference.

The statement says:

"The political parties in the North and the South, which are responsible for the destiny of the nation and the prospect of the country, are obliged to play their role in the convocation of a national conference to remove the danger of a nuclear war and achieve national reunification in the '90s with concerted efforts.

"At a time when scholars, men of the press, religionists, women and even students in the North and the South want to meet with each other for reunification and are striving to realize dialogue for reunification, not caring for their personal safety, it can never be justified on all accounts that the political parties shun contacts. And it means avoiding their responsibility for the nation that they give each other a wide berth, putting too much stress on ideology and idea.

"The Korean Social Democratic Party, whose main political idea is independence, sovereignty, democracy, peace and defense of human rights, urges early bilateral contacts with political parties of South Korea to discuss the convocation of a national conference, considering it is the most positive and realistic measure for overcoming the difficulties at present and opening a way out for the nation."

The statement expresses the hope that contacts with political parties of South Korea will be held in Pyongyang, Seoul, Panmunjom or any other place in early June.

Chongnyon 'Demands' Response to Proposal

*SK2905092794 Pyongyang KCNA in English 0818
GMT 29 May 94*

[Text] Pyongyang, May 29 (KCNA)—So Man-sol, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), in a statement on May 26 strongly demanded that the South Korean authorities affirmatively accede to the DPRK's proposal for convening a national conference and select delegates of the South side to the preparatory committee of the national conference at an early date to keep step with the DPRK, according to a KNS [Korean News Service] report from Tokyo.

He noted that the consultative meeting of delegates of the DPRK Government, political parties and public organisations which was held in Pyongyang on May 25 discussed all the questions related to the convening of the national conference, sent a telephone message urging the South Korean authorities to respond to the convening of the national conference and selected five delegates of the North side to the preparatory committee of the national conference.

It is no doubt that if the national conference is convened, a new phase of reconciliation and unity would be opened and a common way of achieving great national unity and the peace and Reunification of the country be found, So Man-sol said, and stressed: The South Korean authorities, however, are turning away their face from this proposal.

If the South Korean authorities truly think of the destiny of the country and the nation, they should give up their anachronistic view of confrontation, come back to the stand of national independence, sincerely accept the proposal of anyone if it is helpful to the peace and Reunification of the country and make no scruple of jointly opening the way of the nation.

Japan's Support of NPT Extension Viewed

*SK0306101894 Pyongyang KCNA in English 1005
GMT 3 Jun 94*

["Clumsy Trick To Mislead Public Opinion"—KCNA headline]

[Text] Pyongyang, June 3 (KCNA)—The Japanese authorities are these days noisily advertizing the "three non-nuclear principles" and declaring "support to an indefinite extension of the Nuclear Non-Proliferation Treaty" [NPT]. Commenting on this MINJU CHOSON today says this is intended to evade the international criticism of their concealment of plutonium and mislead

international opinion which is opposed to Japan's moves to arm itself with nuclear weapons and become a military power.

The analyst says:

As for the "three non-nuclear principles" peddled by the Japanese authorities, they are a peace veil which became useless long ago. While advertising the "principles", Japan has connived at the entry of nuclear-armed U.S. warships and warplanes into Japan and left the Japanese territory to the United States as its nuclear base.

Lurking behind their support to the indefinite extension of the NPT is the clumsy trick to save themselves from the tough spot today when their advertisement of "uprightness" in the nuclear issue has turned out to be a sheer lie with the exposure of hidden plutonium.

It must not go unnoticed that the Japanese authorities and reactionaries are working to enact a wartime law to cope with an "event of contingency on the Korean peninsula" by molding the public opinion that the fictitious "nuclear threat" from the DPRK poses a grave menace to Japan's "security".

The Japanese authorities and reactionaries must stop their evil doing to harm the North over the non-existent "nuclear issue" and open to the world the data related to their nuclear issue and immediately stop nuclear armament, instead of advocating denuclearization only in words.

Remarks of American Visiting Pyongyang Viewed

*SK2805114894 Pyongyang KCNA in English 1013
GMT 28 May 94*

[Text] Pyongyang, May 28 (KCNA)—Executive director of the American Committee on Korea John M. Swomley gave his impressions of the Democratic People's Republic of Korea at a press conference held in Pyongyang.

During his visit, he said, he came to know that the Korean people revere and follow the great President Kim Il-song and the dear leader Mr. Kim Chong-il and that Korea has made a very rapid development after the war.

He said he witnessed the Korean People's Army helping the farmers in rice transplanting and participating in [word indistinct] construction, not preparations for a war. This was totally different from the propaganda he has heard in the United States, he noted.

Korea, he noted, is maintaining independence, attaining self-sufficiency in food and the Korean people are firmly determined, industrious and joyful people.

He said the Americans should know that the United States and South Korea built the concrete wall in the area south of the Military Demarcation Line which is not to be compared with the Berlin Wall.

He noted that the United States' shipment of armaments into South Korea well shows that it is seeking a war, not talks with the DPRK.

Pointing out that the United States most wantonly violating the implementation of the Nuclear Nonproliferation Treaty is spreading the rumour of "nuclear suspicion" and putting pressure on Korea, while closing its eyes to the nuclear programs and production of Israel, South Korea and other countries, he described this as unreasonable.

Saying the aim sought by the United States is to isolate Korea, he called for struggling against it.

He contended that the third world countries should make the United States start nuclear disarmament and respond to negotiations to dismantle its nuclear weapons together with other nuclear states.

He stressed the DPRK-U.S. negotiation is the only solution to the nuclear issue of the Korean peninsula.

U.S. Aerial 'Espionage' Exercises Reported

*SK0206155294 Pyongyang KCNA in English 1544
GMT 2 Jun 94*

[Text] Pyongyang, June 2 (KCNA)—The U.S. imperialists today sent the high altitude strategic reconnaissance plane U-2 deep into the sky above the territorial waters of our side in the East Sea to conduct aerial espionage on the Northern half of Korea.

The plane infiltrated deep into the sky above the territorial waters of our side off Tongchon on two occasions at about 12 hours 49 minutes and 13 hours 22 minutes and conducted photographing and electronic espionage on the whole area and coastal area of the Northern half of Korea.

This is a deliberate and premeditated espionage of the U.S. imperialists in advance to invade the Northern half of Korea.

We cannot overlook the U.S. imperialists and their followers further undisguised in aerial espionage against the North, talking about "sanction" and "military strength" over the fictitious "nuclear issue" of the DPRK.

The U.S. imperialists must clearly see a grave consequence of the worsening situation in the Korean peninsula and act with discretion.

KCNA Reports Protest Against Russian Program

*SK0206152294 Pyongyang KCNA in English 1515
GMT 2 Jun 94*

[Text] Pyongyang, June 2 (KCNA)—A film distorting the history of the Korean war screened in Russia aroused a strong protest among people.

On May 21, the Russian Ostankino TV Broadcasting Station screened the film distorting the history of the Korean war, a criminal political brainchild of Dmitriy Volkogonov styling himself a historian.

The Central Committee of the Young Communist League of Russia published a statement on May 26 exposing the attempt of pretended historian Volkogonov to distort history at the biddings of a Western special agency.

The Korean war (1950-1953) was a war of the working people of the Democratic People's Republic of Korea against the aggression troops, the statement said, and stressed:

The heroic Korean people struggled for independence and socialism from the beginning, holding high the banner of the *chuche* idea under the leadership of the great leader Comrade Kim Il-song.

The screening of such a film over Russian TV is a campaign for the U.S. ideological pressure on the DPRK. The statement demanded the Russian TV leadership to show the objective and historic truth of the Korean war.

The Young Communist League of Russia and young public circles studying the *chuche* idea in Moscow, together with the progressive young people of Russia, demand that the Russian TV not be allowed to screen false documents aggravating the international situation, stressed the statement.

The employees of the Vladivostok "Roza Company" in a statement of protest to general director of the Ostankino TV Broadcasting Station Yakovlev Aleksandr Nicolayevich and Dmitriy Volkogonov vehemently denounced Volkogonov's fabrication of history and truth as an unpardonable insult to the Russian people and the peaceloving people the world over.

The statement said that the Korean war was ignited by the U.S. imperialists and their puppets, and branded venal Volkogonov as a traitor of Russia and a political charlatan.

It sternly warned the Ostankino TV Broadcasting station not to libel the dignity and honor of Russia.

Russian citizens Kim Andrei and Maxim, Rahimbek, general director of the Bereke state farm in the Kazakh Republic, Kazakh citizen Nam Valeri and others sent letters of protest to the broadcasting station and Volkogonov.

Premier Kang, Delegation Depart for Laos

SK0306110194 *Pyongyang KCNA in English* 1030 GMT 3 Jun 94

[Text] Pyongyang, June 3 (KCNA)—A government delegation of the Democratic People's Republic of Korea led by Kang Song-san, premier of the Administration

Council, left here today to pay an official goodwill visit to the Lao People's Democratic Republic at the invitation of Premier Khamtai Siphandon.

Present at the airport to see off the delegation were Vice-premiers Hong Song-nam and Kim Yun-hyok, Vice-minister of Foreign Affairs Pak Myong-ku and Vice-chairman of the State External Economic Affairs Commission Kim Chong-u.

Delegation Meets Zambian Political Figures

SK2805084094 *Pyongyang Korean Central Broadcasting Network in Korean* 2200 GMT 24 May 94

[Text] The DPRK Supreme People's Assembly (SPA) delegation led by Chairman Yang Hyong-sop separately met and held talks with (Kodupray Miranda), national secretary of the Zambian Movement for Multiparty Democracy; the house speaker, and foreign minister from 16-19 May.

On 19 May, the delegation held talks with the Zambian parliamentary delegation. Members of the delegation and the DPRK ambassador to Zambia were on hand from the DPRK side. Zambia's deputy house speaker, chairman of the foreign affairs committee of the parliament, and other functionaries were present from the Zambian side. The talks were held amid a friendly atmosphere.

During its stay, the delegation visited Livingstone city in the southern state, the parliament building, and the state-run broadcasting station.

During its stay, the delegation was invited to banquets hosted by the Zambian parliament. Speeches were made at the banquets. In his speech, the deputy house speaker said that he highly assesses the accomplishments achieved by the Korean people under the great leader His Excellency President Comrade Kim Il-song's wise leadership and that he supports the Korean people's efforts for the country's independent and peaceful reunification. Participants of the banquet toasted for the long life of the great leader Comrade Kim Il-song, for the long life of the dear leader Comrade Kim Chong-il, and for the long life of Zambian President Frederick J.T. Chiluba.

Kim Chong-il Said To Be at Head of Party

SK0306050494 *Pyongyang Korean Central Broadcasting Network in Korean* 0909 GMT 31 May 94

[Unattributed talk interspersed with music: "National Glory and Korea's Dignity"]

[Text] The great leader Comrade Kim Il-song has taught: In our country at the moment, the work of the party, the state, and the military is being well carried out, and the socialist construction is being successfully implemented under the leadership of Comrade Kim Chong-il. [music] Mt. Paektu forests, endlessly throb! The whole land of

Korea, let us shout cheers! Sun of guidance, shine in glory! Comrade Kim Chong-il held in high esteem by people! [music]

This song is being sung by our people with heart, filled with endless dignity and joy! The song, which each of our people is singing, overflowing with great dignity and joy of holding the dear comrade leader in high esteem at the head of our party and revolution [uridanggua hyongmyongui suwie nopi mosin], is reverberating throughout rivers and mountains. [music]

The new era of history is advanced and brightened by the great leader [yongdoja]. For a country, for a nation, there is no other greater fortune than holding in high esteem such a leader [yongdoja], (?at the head of the era), as the one who is great in idea and philosophy, outstanding in the leadership quality and capability, and sacred in personality.

Our people are holding in esteem the dear leader Comrade Kim Chong-il, the fate of the nation and the glory of the world, as the great leader [yongdoja] of our era! We recall the bygone days, unable to suppress the gushing forth of the boundless national dignity and pride of holding two great leaders [yongdoja], the most outstanding great men, in one generation. [music]

One summer, the dear comrade leader took a walk for a while, attending upon the great leader [suryongnim]. The Workers Party of Korea [WPK] flag was vigorously flying at the roof of the party Central Committee building with the twilight of the setting sun. Our party flag has truly profound stories and a sacred history.

The respected and beloved leader looked for a long time at the party flag flying up high in the sky. With the tone of deep emotion, he said: Time really flies. It is already nearly 40 years since we upheld the banner of the Korean revolution. He recollected the unforgettable past when he pledged, in front of the red banner of revolution, to fight with life for the realization of the program for Down With Imperialism Union while putting forth that program's proposal for building a socialist, communist society in our country.

His retrospective remarks, which began with his recollections of the bygone days of the Korean revolution when he pulled up the anchor along the sea route of independence in the beginning of the 20th century, extended to today and the future.

The meaningful remarks were made by the respected and beloved leader who said: The way to the revolution is still long and rough. The vast future requires great efforts. Reflected in the remarks were his profound intentions and great expectations to see his pledge, which he had made in the days of history, surely materialized in this land.

This was really an emotion-evoking scene which was recorded in the history of the Korean revolution.

One day after that day, the dear comrade leader met with responsible functionaries of the party Central Committee. That day, the dear leader Comrade Kim Chong-il gave precious teachings about well carrying out their work by well upholding the great leader. He continued to say: The cause of the revolution we are carrying out is the one that the leader [suryongnim] had pioneered. Our revolutionary cause is the rewarding one that had begun in Mt. Paektu. In other words, that is our party's sacred cause for communist construction which has recorded its first glorious trace in the history since the program of Down With Imperialism Union was put forth.

This remark by the dear comrade leader which involves the deep meaning of the beginning and future of our revolution was a great declaration to bring a great golden age in the socialist cause to this land by going across the past generations with his extraordinary ideological and theoretical wisdom, excellent leadership ability, and iron-like will and courage. [music]

The WPK has been firmly united and consolidated as one mind under the slogan of modeling the whole party after the *chuche* idea! The socialist system of our own style under which the principle of independence in politics, self-reliance in the economy, and self-defending in national defense has been realized and all the people have become a large revolutionary family! The revolutionary people who are firmly united with loyalty and filial piety around their leader [yongdoja], while regarding the *chuche* idea and socialism as their lives and living! The matchless strong Army which has become an invincible army under the banner of modeling the entire army after the *chuche* idea!

From these excited events which lead us to be optimistic about the future of mankind not only in the present century, but also in the 21st century; from the amazing changes and transformations which are being created; and in the noble appearance of the dear leader Comrade Kim Chong-il who has brilliant wisdom, matchless courage, tested leadership ability, and extraordinary organizational ability our people and all of mankind are witnessing the appearance of the great leader [widaehan yongdoja] of the 21st century, a new era of history.

The 21st century will be more bright and prosperous in the future! Our people are indeed the happy people who live and work with high ideal and with a firm belief in the future, upholding the dear leader Comrade Kim Chong-il as the great leader.

The animated and dignified *chuche* socialist Korea which is upholding as the great leader Comrade Kim Chong-chol who, taking upon himself the bright future of Korea and the destiny of socialism, is leading history to vigorously advance toward the 21st century along the route of independence!

Ogami Kenichi, director of the Secretariat of the International Institute of the *Chuche* Idea, in his article entitled "The Great Leader [widaehan yongdoja] Leading the 21st Century," admired the dear comrade

leader as follows: The world will enter, under Secretary Kim Chong-il's guidance, a new era in which the *chuche* idea is extensively embodied and brought into full bloom. Without learning from Secretary Kim Chong-il it is impossible to look ahead to the new era of mankind.

Yes, it is true. There is no people in this world who are happier than our people who are struggling to consummate the socialist cause, upholding Comrade Kim Chong-il as the great leader. This is precisely our people's glory and Korea's pride. This glory of our people and this pride of *chuche* Korea are echoing rivers and mountains as a great song. [music]

Kim Chong-il's Efforts on Light Industry Cited

SK0306014294 *Pyongyang Korean Central Broadcasting Network in Korean 2219 GMT 1 Jun 94*

[Unattributed talk: "The Flames of The Revolution in Light Industry Ignited by the Party"]

[Text] The hearts of the consumer goods producers throughout the country—who are effecting a new turn in carrying out the revolution in the light industry sector, upholding the historic letter, "On Thoroughly Carrying Out the Revolution in Light Industry," that Comrade Kim Chong-il, the dear leader of our party and people, sent to participants of the national light industry meeting at the time when 30 years had passed since he led party work—are filled with the great dignity and pride of upholding the great leader [widaehan yongdoja].

In his letter sent to participants of the national light industry meeting, the dear leader Comrade Kim Chong-il indicated: Cherishing in their hearts the lofty honor and dignity of working in an important sector in improving the people's living, all functionaries and working people in the light industry sector should thoroughly carry out the revolution of light industry and, thus, should effect a decisive turn for development.

In the historic letter the dear comrade leader concretely elucidated the essence and task of the revolution in light industry and its implementation method and wisely led all functionaries and working people in the light industry sector to furiously lift up the flames of the light industry revolution in order to effect a great turn in the development of light industry and production of people's consumer goods.

This is a brief statement on a new development of light industry by Comrade Yi Sang-chun, deputy director of a bureau at the Committee of Light Industry.

[Begin Yi Sang-chun recording] Four years have passed since the dear leader Comrade Kim Chong-il, who has been interested in improving our people's living standards, provided a national light industry meeting on 2 June 1990 and sent a historic letter, "On Thoroughly Carrying Out the Light Industry Revolution," to participants of the meeting.

In retrospect, the dear comrade leader, who is consummating the *chuche* revolutionary cause created by the great leader [suryong] generation after generation, has been dedicating a lot of work and energy to improving our people's living standards day and night, without even taking a rest, since he began leading our party's work 30 years ago. Even after the national light industry meeting where he provided the occasion for an epochal turn in the production of people's consumer goods the dear comrade leader gave a great benevolence to the working people in developing the country's light industry and, thus, wisely led them to more furiously lift up the flames of the light industry revolution.

In particular, the dear comrade leader has constantly taken measures to smoothly guarantee raw materials and materials for light industry. He has seen to it that consumer goods producers concentrate greater efforts on further increasing the kinds, quantity, and quality of consumer goods. He not only has provided consumer goods producers with necessary funds, but has also established measures for supplying the raw materials to produce people's consumer goods.

Last December, the dear comrade leader specifically decided even the kinds of consumer goods that the light industry sector should produce this year. He also paid deep interest to the problems related to improving the quality of people's consumer goods and wisely led consumer goods producers to improve their quality. He also elucidated the direction and method in accelerating the modernization of light industry by rebuilding facilities of the existing light industry plants and their production process into more modernized ones and by building more new light industry plants equipped with up-to-date technology.

The dear comrade leader also led the production of 3 August people's consumer goods to be carried out more vigorously. [end recording]

Indeed, the dear comrade leader's wise leadership and benevolent love have provided a guideline which makes it possible for our light industry to devote itself to improving the people's living. This is why, along with our people, people's consumer goods producers are singing in reverence to him. [music]

The following is a questions-and-answers session between Comrade Kim Kwang-chu from the Light Industry Committee and a station reporter at Pyongyang General Textile Plant:

[Begin recording] [Reporter] How are you? I have seen you many times at this plant. You are working so hard.

[Kim Kwang-chu] Not at all.

[Reporter] Four years have passed since the dear leader Comrade Kim Chong-il sent a programmatic letter to the participants of the national light industry meeting on 2 June, 1990. Since then, not only Pyongyang General

Textile Plant but the country's general light industry has shown considerable development.

[Kim] Yes. Under the wise leadership of the dear comrade leader, during the four years after the national light industry meeting, the material and technological basis of our light industry has peerlessly developed and there have been new achievements in the production of people's consumer goods.

Above all, the struggle to make light industry chuche-based has advanced greatly, thus providing a basis for further increasing the production of people's consumer goods by thoroughly relying on our own material and resources. In particular, quite a few scientific and technical problems in further increasing the production of quality threads and fabric mainly using vinalon—the chuche textile—were solved and actively applied to practice.

[Reporter] I understand that light industry has been further modernized in the flame of the light industry revolution kindled by the dear comrade leader.

[Kim] Yes. In the textile industry sector alone, spinning and weaving equipment now has higher speed and more precision, and the production process is more automated. Pyongyang General Textile Plant, as well as Kaesong Textile Plant, Kangso Weaving Plant, Pyongyang Silk Plant, and many other plants and enterprises have significantly increased production capacity with modern equipment such as air bearing spinning machines, highly efficient metal weaving machines, silk looms, and automatic reeling machines.

[Reporter] I also understand that there has been considerable achievement in the shoe industry sector, including the modernization of equipment.

[Kim] Thanks to the benevolent love of the dear comrade leader, who is deeply concerned about our people's living, the production capacity has been increased by the newly installed shoe catapult machines and automatic assembly lines at Pyongyang Vinyl Chloride Shoe Plant, Sinuiju Shoe Plant, Sunchon Leather Shoe Plant, and many other plants. In recent years, the models and quantity have been further increased, and the quality has also improved remarkably.

[Reporter] In the flame of light industry revolution kindled by the dear comrade leader, our light industry is provided with a strong springboard for a higher leap. New achievements are made in succession in the production of people's consumer goods. We should have great pride and self-esteem about this. [end recording] [music]

Producers of consumer goods are filled with confidence and optimism bearing deep in their hearts the fact that there can only be innovations and achievements in the construction of a chuche-based, modern light industry base, and in the production of people's consumer goods when we follow the leadership of the dear comrade leader in practical life. [music]

Together with all the producers of people's consumer goods in the entire country, who received the letter "On Thoroughly Carrying Out the Light Industry Revolution" by the dear comrade leader to the participants of the national light industry meeting, functionaries, workers, and technicians of Sukchon Foodstuffs Plant are also increasing the production of people's consumer goods.

Engraving his intention in the heart.

Functionaries, workers, and technicians of Sukchon Foodstuffs Plant, who have the dear comrade leader's intention engraved in their hearts, are actively waging the struggle to increase foodstuffs production by renewing the production process and creating more raw material bases. Comrade Yi Chang-yun, chief of technical preparations of the plant, said:

[Begin Yi Chang-yun recording] Thanks to the love and care of the dear comrade leader, who is always deeply concerned about improving our people's living, during the past four years, our Sukchon Foodstuffs Plant has also shown a significant increase in production capacity as well as quantity. What we are particularly proud of is that, as the dear comrade leader has taught in his letter, we further inflamed the light industry revolution by expanding the internal raw material bases to tens of chongbo [one chongbo equals 10,000 square meters], adding children's foodstuffs production lines and normalizing the production, and by modifying various production lines, including the cookie lines, in a modern way.

Compared with the past, the production volume of foodstuffs increased almost twofold. We will more vigorously wage the light industry revolution presented by the dear comrade leader so as to further modernize production lines and actively increase various foodstuffs production.

In particular, we will further display the spirit of self-reliance and fortitude to improve the children's foodstuffs production lines with our own strength and wisdom and thereby enhance the quality and quantity of the production of highly nutritious children's foodstuffs, including soybean milk, soybean milk power, and rice powder, for supply to more children. [end recording]

It is not easy to normalize production in a relatively small plant and in the meantime to add new production lines with their own strength and wisdom, and increase the raw material bases. However, functionaries, workers, and technicians of Sukchon Foodstuffs Plant are steadily working with all their wisdom and zeal bearing deep in their minds that vigorously waging the light industry revolution is an honorable and rewarding work which contributes to improving the people's living while loyally upholding the leadership of the dear comrade leader.

In a short period, the plant renewed the children's foodstuffs production lines, meat processing lines, and

cookie production lines, and formed more raw material bases to actively increase the production of various foodstuffs.

Producers of consumer goods in Sukchon Foodstuffs Plant are vigorously inflaming the light industry revolution to better implement the task presented in the letter sent by the dear comrade leader.

In the future, too, these functionaries, workers, and technicians of the light industry sector in the entire country, who are displaying the honor of the producers of consumer goods, on the road of loyally upholding the leadership of the dear comrade leader, will vigorously run along the single road of innovation while highly upholding the flame of the light industry revolution.

KCNA Reports Sectors Meet Economic Targets

SK0206152594 Pyongyang KCNA in English 1508 GMT 2 Jun 94

[Text] Pyongyang, June 2 (KCNA)—The May targets were topped by many units of the national economy of Korea.

The Anju, Suncheon, Tokchon and Pukchang area coal complexes, which had waged a vigorous increased production drive from the beginning of the year, far surpassed the monthly plans on all indices by producing more coal than the daily quotas through the active introduction of advanced coal-cutting methods in May.

The Munmuri mine under the Ministry of Mining Industry hit the monthly goal five days earlier than the set time by keeping the equipment in full-capacity operation.

The March 17 United Hydraulic Power Plant, the Kanggye Youth Power Station, the Taechon United Hydraulic Power Plant and other hydraulic power stations fulfilled their monthly assignments far ahead of schedule. These days they have chalked up the record high in recent years in power production.

In May the foreign shipping plan was carried out at 103 percent, domestic shipping plan at 106 percent and freight traffic turnover plan at ports at 105 percent under the Ministry of Marine Transport.

The May targets were topped also by the Namhung Youth Chemical Complex, the associated local industry bureau, the general bureau of garment industry, the foodstuff complex of Pyongyang, the general bureau of local industry of South Pyongan and South Hwanghae Provinces, the Korean cigarette group and many other industrial establishments.

South Korea

Blix: Measurement of Fuel Rods 'Impossible'

SK0206232894 Seoul KBS-1 Radio Network in Korean 2207 GMT 2 Jun 94

[by Nam Son-yong from UN Headquarters]

[Text] Hans Blix, director general of the International Atomic Energy Agency [IAEA], today reported officially to UN Secretary General Butrus Butrus-Ghali that it has become impossible for the IAEA to make a follow-up measurement [chuhu kyechuk] of nuclear fuel rods at a reactor in Yongbon, North Korea.

In his written report, Director General Blix said: Based on the IAEA inspection team's report on the replacement of nuclear fuel rods at a North Korean 5-megawatt reactor, the IAEA came to the conclusion that the selection [sonbyol] of fuel rods to determine whether North Korea has diverted nuclear fuel or not has become impossible.

Serving as a final confirmation on the failure of the IAEA inspection on the nuclear fuel rods in North Korea, his report provides grounds for the UN Security Council to apply sanctions against North Korea.

Accordingly, following a verbal report by Director General Blix this afternoon [3 June], the UN Security Council will likely have full-fledged discussions on methods of sanctions against North Korea.

A UN diplomatic source says the United States, ROK, and Japan have begun to discuss a resolution on sanctions, and France, which holds a hard-line position, has also separately drafted a resolution.

According to this source, in light of the present atmosphere, it is highly possible that the UN Security Council will directly apply economic sanctions without taking steps for warning. If China continues opposition to sanctions, measures to prohibit remittances from Japan and North Korean missile exports to the Middle East will likely be taken, while permitting China to continue supplying oil and food to North Korea.

DPRK Envoy in Vienna Meets IAEA Officials

SK0306021394 Seoul YONHAP in English 0201 GMT 3 Jun 94

[Text] Tokyo, June 3 (YONHAP)—North Korean Ambassador to Austria Kim Kwang-sop visited the headquarters of the International Atomic Energy Agency [IAEA] Thursday and conveyed his country's official position on problems related to IAEA inspections, it was reported here Friday.

In a dispatch from Vienna, the MAINICHI SHIMBUN said Kim had formally handed a North Korean Foreign Ministry statement to top IAEA officials.

Kim made it clear that Pyongyang will have no alternative but to leave the Nuclear Nonproliferation Treaty (NPT) if the international community imposes economic sanctions, the newspaper said.

Saying it was unusual for a North Korean ambassador to hold talks with top IAEA officials, MAINICHI said some observers view Pyongyang's move as an indication that it has begun efforts to avoid a breakdown in IAEA inspections.

Meanwhile, Yun Ho-chin, counselor at the North Korean Embassy in Vienna, told MAINICHI Thursday that his country is in a special position where it is suspending its decision to withdraw from the NPT.

Yun said, "from a legal point of view, North Korea has already left the treaty, but it is trying to resolve the nuclear dispute politically within the NPT framework.

"That is why North Korea is allowing the IAEA to service surveillance cameras in order to help maintain the continuity of nuclear safeguards."

With regard to the refueling of the 5-megawatt reactor in Yongbyon, Yun claimed that North Korea's method of preserving the spent fuel rods has been proven in earlier experiments to allow for accurate checking later.

"When the IAEA insists on its own way of checking, it is the same as trying to chase us out of the NPT," Yun said, hinting that North Korea would even leave the regime completely if it could not reach an inspection agreement with the IAEA.

President Phones Advisers About Nuclear Issue

SK0306091394 Seoul YONHAP in English 0812 GMT 3 Jun 94

[Text] Moscow, June 3 (YONHAP)—President Kim Yong-sam, in a telephone conversation Friday morning, instructed Prime Minister Yi Yong-tok to take all necessary steps in connection with the U.N. move to slap sanctions on North Korea.

He gave the instruction after receiving reports on the latest developments in the North Korean nuclear issue from Chief of Staff Pak Kwang-yong in Seoul and Foreign Minister Han Sung-chu and foreign affairs and security aide Chong Chong-uk in Moscow.

Tension over Pyongyang's nuclear program is mounting as the U.N. Security Council moves toward sanctions against the Stalinist state, and the government should be scrupulous in dealing with such tension, presidential spokesman Chu Ton-sik quoted Kim as telling Prime Minister Yi.

The transparency of North Korea's nuclear development program must be guaranteed under all circumstances, and on this principle the government should maintain close cooperation with the United States and Japan in considering future action, President Kim said.

Kim asked Prime Minister Yi to ensure that the people can go about their business with full trust in the government and without any sense of crisis.

Unification Minister: Sanctions 'Unavoidable'

SK0306102994 Seoul YONHAP in English 1021 GMT 3 Jun 94

[Text] Seoul, June 3 (YONHAP)—Deputy Prime Minister Yi Hong-ku said on Friday an economic sanction against North Korea would be unavoidable unless there is a change in Pyongyang's attitude with regard to the nuclear question.

"I understand the concrete time and method of a sanction will be determined after the U.N. Security Council studied a report from Hans Blix, director-general of the International Atomic Energy Agency (IAEA)."

Yi, concurrent national unification minister, made the remarks at a working luncheon with the members of the foreign policy, unification and security subcommittee of the ruling Democratic Liberal Party's special committee for the buildup of international competitiveness.

He indicated that even if China were shy of taking part in a sanction, Seoul and its major allies could mount an effective sanction.

"China's participation in an international sanction is desirable," Yi said. "But, it is obvious that even if China does not take part, an economic sanction by South Korea and its major allies like the United States and Japan would deal North Korea a serious blow."

Opposition Party Urges Caution on Nuclear Issue

SK0306101494 Seoul YONHAP in English 0659 GMT 3 Jun 94

[Text] Seoul, June 3 (YONHAP)—The main opposition Democratic Party [DP] Friday urged the government to tread carefully in taking punitive action against North Korea due to the standoff over Pyongyang's nuclear program, warning that sanctions could lead to war on the Korean peninsula.

"The recent situation is heading towards a critical phase in which the (whole) nation could collapse concurrently," concluded a meeting of DP lawmakers affiliated with the National Assembly Foreign Affairs and National Unification and National Defense Committees.

During the meeting presided over by party Chairman Yi Ki-taek, it was decided to hold an emergency meeting of DP lawmakers Friday to announce the party's official position on the North Korean nuclear issue and call on the ruling Democratic Liberal Party to convene relevant National Assembly committees to deal with the issue.

The DP lawmakers also decided to demand that the North immediately stop playing the "foolhardy" nuclear card to head off any possibility of a crisis developing on the Korean peninsula.

The opposition lawmakers agreed that if the need arises, sanctions must be imposed on the North by the United Nations Security Council through resolutions based on a global consensus rather than through an initiative by South Korea, the United States and Japan alone.

They also pointed out that armed conflict could erupt on the Korean peninsula if economic sanctions were imposed, considering that a sea blockade would be necessary for effective implementation.

Security Meeting Studies Sanctions Issue

SK0306084094 Seoul YONHAP in English 0631 GMT 3 Jun 94

[Text] Seoul, June 3 (YONHAP)—The South Korean Government is preparing for the imposition of sanctions on Pyongyang, judging that punishment of North Korea has become inevitable since the International Atomic Energy Agency (IAEA) officially announced that later measurement of discharged fuel rods at a disputed reactor in North Korea has become impossible.

The government, in particular, is seriously considering gradual suspension of inter-Korean trade, amounting to 180 million U.S. dollars per year.

The issue was discussed at a policy coordination meeting on national unification and security chaired by Deputy Prime Minister Yi Hong-ku Friday [3 June] morning at the South-North dialogue secretariat in Samchong-tong, Seoul.

Yi, who is concurrently minister of the National Unification Board, said through board spokesman Kim Hyong-ki that "the international community is already taking the course of imposing sanctions against North Korea," adding that the government is studying various sanctions against Pyongyang.

Yi is the first high-ranking government official to comment officially that sanctions are being studied against North Korea.

"The participants in the meeting shared the recognition that the North Korean nuclear issue has turned into a more serious situation," he said. "We are facing a grave challenge in our efforts to find a peaceful solution to the nuclear problem."

In a related development, the government will hold a meeting soon with the United States and Japan to discuss sanctions against the North. The meeting will be attended by Korean Nuclear Affairs Ambassador Kim Sam-hun, U.S. Assistant Secretary of State Robert Gallucci and Deputy Director-General Yukio Takeuchi of the Japanese Foreign Ministry's Asian Affairs Bureau.

The tripartite meeting is expected to touch on the Japanese Government's prohibition of remittances to North Korea by pro-Pyongyang Koreans in Japan who belong to a group called Chochongnyon [General Association of Korean Residents in Japan], which sends North Korea 60 billion-80 billion yen per year.

In addition, the meeting is likely to discuss military build-up programs in preparation for any emergency on the Korean peninsula.

Other government officials here said that "the time to discuss whether or not to impose sanctions has already passed," emphasizing the inevitability of sanctions. "We will, however, have close consultations with our allies on detailed procedures and timing," they added.

Phased, Gradual Steps Supported

SK0306025094 Seoul KBS-1 Radio Network in Korean 0200 GMT 3 Jun 94

[Text] The ROK Government has decided to take phased and gradual sanction measures on North Korea, including the complete suspension of indirect trade with North Korea, when the international community begins imposing sanctions on North Korea.

The government held a policy coordination meeting on reunification and security on the morning of 3 June presided over by Yi Hong-ku, deputy prime minister and minister of the National Unification Board [NUB], to discuss the government's measures to prepare for the stage of imposing sanctions on North Korea. The government has decided to suspend indirect trade and ban civilian companies from contacting North Korean residents in a third country.

The government has established a policy to focus diplomatic efforts on drawing out a UN Security Council's resolution concerning sanctions on North Korea and to request cooperation from permanent member states of the council, including the PRC. The government reportedly discussed imposing multinational sanctions pivoted by Western countries, including the United States and Japan, if the PRC vetoes the adoption of the resolution against North Korea.

The government will convey the finalized position at the working-level meeting between the ROK, the United States, and Japan to be held in Washington tomorrow.

After today's coordination meeting, NUB Spokesman Kim Yong-ki said in a statement that the government's efforts for a peaceful resolution is seriously challenged by North Korea's attitude, that the international community is already taking steps to enter the sanctions stage, and that our government is also considering various effective measures of sanctions on North Korea.

Spokesman Kim urged North Korea to abandon the reckless attitude of confrontation against the whole world and said that the government will seek measures to prepare for various situations anticipated while watching

the results of negotiations between the ROK and the United States on the tense development of the situation concerning the North Korean nuclear issue.

PRC Official Advises Negotiations With DPRK

SK0306075694 Seoul YONHAP in English 0727 GMT 3 Jun 94

[Text] Seoul, June 3 (YONHAP)—China virtually expressed its opposition to UN sanctions against North Korea despite the breakdown in nuclear inspection talks, advising more dialogue in a meeting with South Korean officials Friday.

Tang Jiaxuan, Chinese deputy foreign minister, was quoted as telling his South Korean counterpart Pak Kon-wu that Beijing does "understand that Seoul has to seek other methods than dialogue to deal with the North Korean nuclear issue," a Foreign Ministry official said after their three-hour meeting.

"But Tang advised diplomatic negotiations no matter how difficult the situation may become," the official said.

The North Korean nuclear crisis has taken a turn for the worse during Tang's visit. The International Atomic Energy Agency (IAEA) declared that it has now become impossible to measure the fuel rods from the North's nuclear reactor and thus to verify whether or not the communist state diverted plutonium, the core ingredient in making nuclear bombs.

Washington immediately announced it would seek UN sanctions, and South Korean officials said the direction has now turned from diplomatic negotiations to punitive measures.

Tang's remarks are the first from Beijing since this latest development. China, a permanent member of the Security Council, remains the uncertain variable as the council prepares to adopt a resolution sometime next week against North Korea.

"South Korea implied that there is a limit to dialogue efforts," said the Foreign Ministry official, who declined to be named.

Tang agreed with Pak that the current North Korean situation is urgent and of great concern, but the Chinese official advised further dialogue, he said.

"Tang emphasized the importance of peace and stability on the Korean peninsula, the importance of a nuclear-free Korea," said the official. "He said diplomatic negotiations would be a far better option since pushing North Korea may only complicate matters."

PRC Envoy to ROK Interviewed on Nuclear Issue

SK0306125694 Seoul SISA JOURNAL in Korean 9 Jun 94 pp 44-45

[Interview with Zhang Tingyan, PRC ambassador to the ROK, in his office in Myongdong, Seoul, by Pyon Chang-sop—date not given, first paragraph is editor's note]

[Text] Zhang Tingyan (58), Chinese ambassador to the ROK, who speaks fluent Korean, recently received many requests from universities and public organizations throughout the country to give a lecture on ROK-PRC relations. Thus, he is in high spirits. Such requests reflect the Korean people's increasing interest in China, although it has only been one year and nine months since the ROK and China established diplomatic relations. Moreover, with the North Korean threat in March 1993 that it will withdraw from the Nuclear Nonproliferation Treaty [NPT], the North Korean nuclear problem has been the focus of the people's attention. As a result, Ambassador Zhang has a busier schedule than any other ambassador in Seoul. With his 34 years of diplomatic service, he is known to be one of the outstanding professional diplomats within the Chinese Foreign Ministry. In particular, he served in the Chinese Embassy in North Korea for a total of 17 years from 1960 to 1969; from 1976 to 1981, and from 1986 to 1989. Thus, he is known as an expert in North Korean affairs. He came to Seoul as the first Chinese ambassador to the ROK in September 1992. The reporter met him in his office in Myongdong, Seoul and asked him about current issues surrounding the North Korean nuclear problem.

[Pyon Chang-sop] What efforts did the Chinese Government make to solve the North Korean nuclear problem in the past?

[Ambassador Zhang Tingyan] The position of the Chinese Government is to support the denuclearization of the Korean peninsula. When the North Korean nuclear problem broke out in March 1993, the Chinese Government made all possible efforts for a solution to this problem. In other words, the Chinese Government held consultations with nations concerned, including the ROK and the United States. The Chinese Government hopes that the problem will be solved through dialogue, not pressure. Although China is not the nation directly concerned, it made efforts to solve this problem, and will make such efforts in the future, too. Certain progress has been made in solving the North Korean nuclear problem. The United States and North Korea made contacts in New York for a third round of talks and negotiations are ongoing between North Korea and the International Atomic Energy Agency [IAEA]. Many parties concerned have been working recently in a very flexible manner. This is what we are hoping for. We think that holding talks by maintaining flexibility is better than holding talks under a strained situation.

[Pyon] Will China join UN sanctions if the nuclear problem is not solved through dialogue?

[Ambassador Zhang] When we recall the North Korean nuclear problem during the past one year, we note that there were many difficult crises. However, the crises were resolved each time through dialogue, not by pressure. If my memory is correct, the ROK Government, from the outset, also chose resolution of the nuclear problem through dialogue. In March last year, Foreign Minister Han Sung-chu said at a reception that the nuclear problem should be resolved through dialogue. I understand that his remarks represent the ROK Government position. The Chinese Government position is the same as the ROK. It is important to solve the nuclear problem in a peaceful manner. When President Kim Yong-sam visited China and held a summit with President Jiang Zemin last March, they reached an agreement to resolve the North Korean nuclear problem through dialogue. There were many cases of international disputes throughout the world. However, most of the problems were resolved by dialogue, not by means of pressure. In particular, a solution to disputes through dialogue has become the trend of the time since the end of the Cold War.

[Pyon] Has China acted as a mediator for direct dialogue between the United States and North Korea?

[Ambassador Zhang] There is an official high-level dialogue channel between the United States and North Korea. China has never played the role of mediator, nor is there such a necessity.

[Pyon] It was learned that when the ROK and China established diplomatic relations in August 1992, China put forward the establishment of North Korean-U.S. diplomatic relations as a precondition for ROK-China diplomatic relations. Is this true?

[Ambassador Zhang] China's establishment of diplomatic relations with the ROK is entirely for normalization of relations between the two countries. China has never put forward any condition.

[Pyon] Do you think there is the possibility of establishment of diplomatic relations between the United States and North Korea?

[Ambassador Zhang] I think that peace and stability on the Korean peninsula are hoped for not only by the Korean people but also by many nations of the world. Therefore, I think that for peace and stability to exist on the Korean peninsula, the United States must establish diplomatic relations with North Korea. Although I am not certain about actual establishment of U.S.-North Korean diplomatic relations, I believe that there will undoubtedly be progress in their relations.

[Pyon] A rumor on a crisis on the Korean peninsula surrounding the North Korean nuclear issue has recently been spread. What is your view on this, Mr. Ambassador?

[Ambassador Zhang] I do not think it is a crisis. crisis means that the Korean peninsula is in a danger of war

and the present situation is not a crisis. If a war breaks out, it would not be favorable for either side. It appears that the rumor on such a crisis was prompted by incorrect judgment of the situation. As the judgment is erroneous, expressions of the crisis would have possibly been exaggerated.

[Pyon] Does the Chinese Government know if North Korea possesses nuclear weapons?

[Ambassador Zhang] The Chinese Government does not know if North Korea has nuclear weapons. We do not agree that the North or the South has nuclear weapons.

[Pyon] Many people believe that China has influence over North Korea, and it is true even now...

[Ambassador Zhang] China is engaged in large-scale trade with North Korea. We offer not only oil, but also coal to North Korea. However, this is aimed at developing relations with North Korea, not at securing influence. China pursues relations with other countries based on equality, mutual respect, and trust. Chinese relations with North Korea have been realized on the basis of this principle. North Korea is a sovereign state. North Korea does not necessarily discuss with China when it formulates and implements a policy. China does not make such a demand nor expect such discussions because such an act is regarded as interference in others' domestic affairs. We never force any other country to follow our will.

[Pyon] Does China convey the position of the ROK or the United States pertaining to the North Korean nuclear problem to North Korea, or has China done so before?

[Ambassador Zhang] I think that the possibility of doing this will increase in the future. It can be regarded as part of normal diplomatic negotiations to convey one's will to the other. China has done so in the past.

[Pyon] Relations between the North and the South have been deadlocked due to the North Korean nuclear problem. What is your view on this, Mr. Ambassador?

[Ambassador Zhang] The Chinese Government hopes that North-South relations will improve. However, North-South relations are a problem that should be resolved between the parties concerned in the North and the South.

[Pyon] Some time ago, there was a report that the Chinese Government invited President Kim Il-song to visit. Can you confirm this?

[Ambassador Zhang] It is true that the Chinese Government invited him early this year. However, there was no reply. I am not sure when his visit will be realized.

[Pyon] There was also a report that China acted as a mediator for realization of North-South summit talks between Presidents Kim Yong-sam and Kim Il-song. In addition, some people believed that the recent visit of

Wu Xueqian, former Chinese vice premier and foreign minister, to Seoul was intended to mediate the North-South summit. Is this true?

[Ambassador Zhang] Such a report is also totally groundless. The visit of Wu Xueqian, former Chinese vice premier and foreign minister, was aimed at consolidating friendship with the ROK. When former vice premier Wu served as foreign minister, he got acquainted with many Korean friends in Seoul. Yi Se-ki, national assemblyman from the Democratic Liberal Party, is one of them. The Chinese Government has not played the role of mediator nor is there such a necessity. Besides, the ROK Government has not asked China to play such a role, nor will it ask in the future.

[Pyon] Is it possible that President Jiang Zemin will visit the ROK within this year?

[Ambassador Zhang] I cannot be positive at present. Even though President Jiang himself said "Now, it is my turn to visit the ROK," he has been so busy with Chinese domestic issues that he has hardly had time to fix a date. As for myself as an ambassador, I hope he will come to Seoul as soon as possible. (In this connection, TONG-A ILBO has recently reported by quoting a diplomatic source in Beijing that President Jiang is scheduled to visit the ROK in November. However, (Chin Chi), first secretary at the Chinese Embassy in the ROK who is responsible for public information, held that "The embassy has not received any notice from the home government on this matter." A working-level official at the Foreign Ministry also denied the report by saying that "We are pushing ahead with a plan to realize President Jiang's visit to the ROK within this year."

[Pyon] Recently, North Korea is holding that the present Armistice Agreement should be replaced with a peace agreement. What is the Chinese Government's stance on this matter?

[Ambassador Zhang] The U.S. Government has not yet clarified its stance on this matter. This is an issue that needs to be resolved among the North and South, and the United States. I think it is imperative to review the issue of substituting the armistice state for the peace state and this is the right time to do so. The replacement of a peace agreement should be reexamined for the sake of peace and security on the Korean peninsula.

[Pyon] What do you think about the notion on 'the threat from China' which is prevailing now in Asia?

[Ambassador Zhang] Those who talk about such a thing do not know about our policy or the real situation. Maybe they have other purposes for saying that. With the collapse of the Soviet Union, many people believed that China would also follow that path. However, not only did China not collapse, but it is becoming more stable. Even if China becomes powerful, it would not pursue hegemonism nor high-handed policies. By 2049, the year when China greets the 100th anniversary of the foundation of the PRC, China will reach the middle

stage in the course of economic development. This is our goal at this moment. Even now in China, 80 million people among the 1.16 billion population suffer from poverty.

[Pyon] As the first Chinese ambassador to the ROK, how do you evaluate present ROK-Chinese relations?

[Ambassador Zhang] Even though it has only been one year and nine months since China and the ROK established diplomatic relations, the two countries have accumulated remarkable achievements during this period. Above all, the leaders of the two countries found common ground at their summit in Seattle and Beijing. To put it in a Korean way, they have established deep rapport. In the economic sector, the volume of trade increased a great deal, reaching \$9.1 billion last year. Now, China has become the third largest trade partner.

[Pyon] What was the most worthwhile job you have done while in office?

[Ambassador Zhang] During my short term of office, I am most pleased with the fact that I was able to accomplish many things. I deem it as a great honor to have played a role of promoting the relations between the ROK and China. As the relations between the two countries are getting better, trust between the peoples of the two countries are deepened all the more. Recently, I have received many lecture requests from universities and social organizations. This reflects the Korean people's increased interest in China.

'Ulchi-Focus Lens' Military Exercise Planned

SK0306030494 Seoul THE KOREA HERALD in English 3 Jun 94 p 3

[Text] The South Korea-U.S. joint "Ulchi-Focus Lens" military exercise will be conducted in August for about two weeks, the Defense Ministry announced yesterday.

Ulchi-Focus Lens is a command post exercise, which started in 1976 combining the Ulchi exercise conducted by the Korean government and Focus Lens, a military exercise which had been conducted under the U.N. Command.

It was separated into two and held on a smaller scale in 1991-1993 to help provide a favorable mood for the inter-Korea talks.

This year the two exercises will be combined again into Ulchi-Focus, because Team Spirit, the annual large-scale Korea-U.S. joint field exercise which is usually held in early spring, has been postponed to November this year over North Korea's nuclear impasse, a Defense Ministry official said.

But the official refused to say how many Korean and U.S. troops will participate in the drill.

Seoul, U.S. Quarantine Experts Discuss Issues

SK0306051894 Seoul THE KOREA HERALD in English 3 Jun 94 p 8

[Text] Experts on plant quarantine from Korea and the United States got together for a two-day meeting at the National Plant Quarantine Service (NPQS) in Anyang city, Kyonggi Province, yesterday.

The annual phytosanitary meeting, the fifth of its kind, deals with technical issues like pest control and treatments for agricultural and forestry products whose overseas shipments have been banned because of pests or diseases.

At the meeting, the Korean side is expected to ask the United States to issue import permits for four kinds of Korean fruits and seven sorts of vegetables.

Among the requested items are apples, unshu oranges (tangerines), persimmons, including sweet ones, and kiwis along with cucumbers, Oriental melons, water-melons and squashes, according to an NPQS official.

Under the provision of the International Plant Protection Convention, plants and plant products exported to foreign countries are subject to inspection if there are harmful pests and diseases and then the phytosanitary certificate is issued.

The U.S. side is expected to ask for Korea to import American-produced pine lumber, apples and Hawaiian papayas, according to the official.

In February this year, the Korean side presented to the United States' Animal and Plant Health Inspection Service (APHIS) plans to control the three kinds of pests and diseases affecting Korean apples that the U.S. side had raised as reasons for banning imports of the fruit from Korea.

North: Russia's Lumber Production Decreasing

SK0306062694 Seoul MUNHWA ILBO in Korean 3 Jun 94 p 21

[Text] North Korea, which is troubled by escaping loggers, broadcast an interesting report on 1 June through its Central Broadcast that lumber production in Russia has decreased drastically.

Quoting data from the Russian Federal Forestry Bureau, the broadcasting station reported that Russia's lumber production last year decreased to under 75 percent of that of 1992 and that the situation is worsening.

While analyzing the decrease of lumber production as a result of the financial difficulties of the enterprise concerned and the soaring transportation cost, the broadcasting station expressed concern over suspended production due to the workers' strike.

Energy Consumption in North, South Compared

SK0206113794 Seoul YONHAP in English 1048 GMT 2 Jun 94

[Text] Seoul, June 2 (YONHAP)—South Korea consumes about 2.5 times as much energy as North Korea instead of 5 times more as previously known, according to a leading North Korea watcher in the United States.

Dr. Chang Yong-sik, an economics professor of New York State University, said in a recent report that in 1991 South Korea consumed 79,705,000 tons oil equivalent (TOE) of coal, oil, gas, charcoal and electricity while North Korea used 32,114,000 TOE.

The report was prepared in a contract awarded by South Korea's semi-official think tank, Korea Development Institute (KDI). It was released by KDI Thursday.

The energy South Korea consumed in 1991 included 17,394,000 TOE of coal, 51,263,000 tons of oil, 1,541,000 TOE of gas, 617,000 TOE of charcoal and 8,690,000 TOE of electricity.

Those used by North Korea in the same year comprised 23,720,000 TOE of coal, 3,507,000 tons of oil, 951,000 TOE of charcoal and 3,932,000 TOE of electricity.

Per-capita energy consumption stood at 2,128 liters oil equivalent in the South and 1,712 liters in the North.

Dr. Chang claimed South Korea's National Unification Board earlier erroneously said South Korea used 5 times more energy than North Korea in 1991 due to mistakes in the conversion of the amount of coal production into tons oil equivalent and also in the calculation of electricity output.

As of 1991, Chang said, North Korea's energy self-sufficiency was 88 percent while it was mere 8 percent in the South.

However, due to the inefficiency of Pyongyang's energy policy of depending primarily on coal and a decline in oil imports caused by the lack of hard currencies, North Korea suffers an energy crisis so acute that they supply power even to Pyongyang on a limited basis, Chang said.

'Crackdown' on Computer Program Piracy Reported

SK0306081894 Seoul THE KOREA TIMES in English 3 Jun 94 p 3

[Text] The Seoul District Prosecutor's Office yesterday embarked on an intensive crackdown on publishing and printing companies suspected of illegally copying and using computer programs developed by foreign firms.

An investigation team led by Prosecutor Yun Hyong-yun, who is in charge of the protection of intellectual property rights, obtained seizure and search warrants on 11 local firms for full-fledged probe of their illicit business yesterday.

They include Tong-A Publishing and Printing Co., Samsung Publishing and Printing Co., Morning Glory Corp., Art Box Co., and Taekyo Ltd. and so on.

The investigators were examining computers of the companies to determine if they have used the foreign-made softwares they duplicated in violation of the law pertaining to the intellectual property rights.

The probe followed complaints [by] a group of foreign companies filed against the domestic firms, Prosecutor Yun said.

"The prosecution is determined to terminate the illegal use of computer softwares," Yun said, adding, the further investigation will be made upon request from the software-producing companies.

Yun indicated that the prosecution's further investigations may focus on major companies which the foreign companies claim are allegedly using their software without consent.

Those who copy foreign computer software illegally will face punishment of fines up to 30 million won (35,500 U.S. Dollars).

Amelioration of Ties With Taiwan Reported

SK0206040394 Seoul YONHAP in English 0245 GMT 2 Jun 94

[Text] Seoul, June 2 (YONHAP)—Taiwan relaxed from Thursday part of the retaliatory economic steps it had taken against South Korea in the wake of the establishment of diplomatic ties between Seoul and Beijing, a diplomatic source reported.

Taiwan took the action following a meeting in Seoul Tuesday and Wednesday between non-governmental representatives of the two countries, the source said, requesting anonymity.

The Taiwanese measure covers South Korean exports of apples and pears, he said.

The source said the two sides are expected to sign a formal agreement Thursday evening.

Seoul and Taipei will soon hold negotiations on Korean auto exports to Taiwan and the reopening of civil airline services, the sources said.

In the case of apple exports, Seoul will increase the amount slightly from the 3,780 tons it last shipped before the severance of diplomatic ties. Pear exports will be about 1,040 tons or nearly the same level of 1992.

As for counterpurchase, the two countries will increase the volume slight from the 1992 level of 3,696 tons. Due to Taiwan's competitive strength in banana exports, two sides agreed to include bananas along with onions and garlic in the counterpurchase category.

Taiwan To Resume Importing ROK Apples, Pears

SK0206113894 Seoul YONHAP in English 1051 GMT 2 Jun 94

[Text] Seoul, June 2 (YONHAP)—Taiwan has decided to resume importing apples and pears from South Korea, which they stopped buying in 1992 in a protest over Seoul's cutoff of diplomatic ties with Taipei.

At a private-level Korea-Taiwan meeting held in Seoul on Tuesday and Wednesday, the two sides agreed on a barter trade involving fruits and vegetables.

Under the agreement, South Korea will export 5,500 tons of apples and 2,000 tons of pears to Taiwan in the 1993-'94 period while importing from Taiwan 11,000 tons of Taiwanese bananas, 5,000 tons of onions and 2,800 tons of garlic, all in an amount equivalent to the value of the apple and pear exports.

Besides, Taiwan promised to import 4,000 tons of South Korean apples separate from the barter trade.

This means that Taiwan will import 11,500 tons of South Korean fruits in the current year, which compares with 8,516 tons they imported in the 1991-92 period immediately before the breakup of formal relations.

Government, New Zealand Extend Fishery Agreement

SK0306124094 Seoul YONHAP in English 1057 GMT 3 Jun 94

[Text] Seoul, June 3 (YONHAP)—South Korea and New Zealand have decided to extend their bilateral fishery agreement set to expire on Sept. 30 this year for four years until 1998.

A Korean fisheries administration official said on Friday the decision was made at a Korea-New Zealand fishery meeting held in Wellington on May 30-31.

New Zealand agreed at the meeting to reflect lowered fishery fees for South Korean fishing boats operating in the New Zealand waters in the New Zealand fishery law now being revised.

The oceanic country also promised to cooperate positively in the effort of Korea to join the southern tuna protection convention and thereby obtain a tuna fishing quota.

Moreover, the two countries agreed to step up their cooperation through various international working-level fishery conferences, the official said.

The Wellington meeting was attended by a seven-member Korean delegation headed by Pak Ki-chol, a fishery promotion official of the fisheries administration.

20,000 Foreign Workers To Alleviate Shortage

SK0106082794 Seoul YONHAP in English 0620 GMT 1 Jun 94

[Text] Seoul, June 1 (YONHAP)—Starting with the 33 Nepalese workers who arrived in South Korea Tuesday, some 20,000 foreign trainees will be supplied to small manufacturing companies across the country by early August to ease a manpower shortage.

The foreign workers will undergo a one-year apprenticeship and they can prolong their stay by another year if they or their employers request an extension.

The workers, allowed in by the government to alleviate the worsening manpower shortage at small- and medium-sized manufacturing firms, hail from 11 countries. Among these nations, China is sending the largest number of workers with 8,000 including ethnic Koreans, followed by 3,000 Filipinos, 2,400 Vietnamese and 1,600 Bangladeshis. Myanmar [Burma] and Sri Lanka will dispatch 1,000 workers apiece while Nepal, Indonesia and Pakistan are each sending 800, trailed by Thailand and Iran with 300 apiece.

The Korea Federation of Small Business (KFSB) has voiced concern about possible social problems caused by foreign workers deserting their places of employment. The KFSB is in charge of overall management of their introduction to domestic enterprises.

Previously, the Ministries of Labor and Justice opposed the introduction of foreign laborers amid a controversy over the issue at the end of last year, citing a possible rise in domestic unemployment, worsening labor conditions, an upsurge in crime, and the possibility of the workers overstaying.

In an effort to ease such worries, the KFSB has made the manpower agencies and manufacturers responsible for the workers to lessen the chances of any untoward incidents during the training period.

The manpower companies and manufacturers employing the foreign workers must deposit 100 U.S. dollars and 300,000 won, respectively, for each foreign trainee to guarantee performance of contract. This guarantee money will be collected as a penalty if the workers desert their workplaces due to an employer's illegal treatment or a supplier's negligence in management.

At the same time, they are obliged to be insured against accidents so that the workers can be compensated for any industrial mishaps.

However, small- and medium-sized companies insist the 20,000 workers "officially permitted" are insufficient to solve the labor shortage, noting that many other businesses are paying high commissions to manpower agencies or brokers in search of illegal foreign workers.

According to the Justice Ministry, an estimated 70,000 to 80,000 foreigners are working illegally in Korea. That being the case, smaller businesses insist that an additional 30,000 to 40,000 foreign workers be allowed to come to Korea under strict controls to prevent the spread of illegal laborers.

*** Concern Over Prime Minister's Lack of Authority**

94P30059

[Editorial Report] The May 17 TONG-A ILBO editorial on page 3 expressed concern over the new prime minister's lack of authority. On 4 May, Yi Yong-tok, in office for only five days, issued a memorandum revising regulations on official vehicle usage for government-funded businesses and institutes. The memo, which had a 14 May suspense date, requested all concerned to prepare an action plan and return it to his office.

Although there are 340 such businesses and institutes, not even one has carried out his order. Were the plan to be implemented, the government could save over 100 billion won annually. It appears the Prime Minister's office is trying not to make this non-compliance a major issue. The office made the excuse that 10 days was not enough for the offices to make their reports. The editorial pointed out that saving 100 billion won isn't a minor issue, but the real problem is a powerless prime minister. Without authority, he cannot have an effective working relationship with his cabinet or with the National Assembly. Former Prime Minister Yi Hoe-chang left office because he couldn't establish his authority.

The editorial urged President Kim to grant the prime minister sufficient authority so he can act to reform the government. It also reminded the president that the real victims—should Yi fail to carry out his job—are the people; not the government, not the National Assembly, nor Yi Yong-tok and his office.

Cambodia**Government in Contact With Kidnappees**

BK0106123394 Hong Kong AFP in English 1146 GMT 1 Jun 94

[Text] Phnom Penh, June 1 (AFP)—Three foreigners kidnapped seven weeks ago in southern Cambodia are still alive and have been contacted daily by the Cambodian Government, an official said Wednesday.

Information ministry spokesman Sieng Lapresse told reporters that the missing trio were being contacted on a daily basis through unspecified "sources," and that specialists were now working for their release.

He said the government had ruled out a military solution to the problem, but did not elaborate on the steps it was taking to secure their release.

Briton Dominic Chappel, his Australian girlfriend Kelly Wilkinson and a British friend, Tina Dominy, were travelling from the capital to the southern port town of Sihanoukville April 11 when their taxi was stopped by Khmer Rouge guerrillas and the three were ordered out into the bush.

Meanwhile, the Royal Palace here released a telegram addressed to British Prime Minister John Major Wednesday in which King Norodom Sihanouk said the Khmer Rouge had denied kidnapping the three foreigners.

In the telegram, the king said Khmer Rouge nominal leader Khieu Samphan had told him during Cambodian peace talks in Pyongyang on Friday that the radical faction had not been responsible for the abductions.

He added that he had appealed on radio and television to those responsible for the abductions to let their prisoners go free.

Australian Envoy Appointed Adviser

BK0206034894 Phnom Penh National Radio of Cambodia Network in Cambodian 0200 GMT 2 Jun 94

[Text] The Australian ambassador to the Kingdom of Cambodia has been appointed as a (?senior) adviser to Prince Kromkhun Norodom Sirivut, deputy prime minister and minister of foreign affairs. Australian Foreign Minister Gareth Evans said the appointment had been made at the request of the Royal Government of Cambodia [RGC].

The ambassador will take up this assignment next month after his term as the Australian envoy comes to an end.

Evans further said that the nomination is (?clear) evidence of Australia's determination to further move forward with Cambodia and that the ambassador will provide useful political and diplomatic advice and assist in developing Cambodia's national (?planning). The Australian Aid Agency, he added, has asked for funds to

hire two senior advisers to help the RGC in the agricultural and educational sectors.

Chea Sim Returns From Roundtable Talks

BK0206111594 Phnom Penh AKP in English 0942 GMT 2 Jun 94

[Text] Phnom Penh AKP June 2—Samdech Chea Sim, president of the National Assembly, returned here yesterday after having attended the roundtable talks in Pyongyang, North Korea, between Cambodian Royal Government and Kampuchea Democratic faction.

The talks were held from May 27 to 28 at Chhanghsu-on palace in the People's Democratic Republic of Korea.

Samdech Chea Sim was welcomed at Pochentong airport by Mr. Loy Simchheang and Mr. Son Soubert, first and second vice-presidents of the National Assembly, and foreign embassy's officials to Cambodia.

During the roundtable talks, the Royal Government agreed unconditionally to a cease-fire proposals by His Majesty King Norodom Sihanouk to be in effect on June 15. But Khmer Rouge nominal leader Khieu Samphan rejected the proposal.

FUNCINPEC Commander's Bombing Order Condemned

BK0306072294 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 2 Jun 94

[Text] On 1 June, Khan Savoeun, Prince Ranariddh's self-appointed general and former commander of a military division in Stoung District of Kompong Thom Province, ordered aircraft to bomb and strafe Soeng and Rumchang [former bases of FUNCINPEC—National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia—near the Thai border], alleging that Khmer Rouge were present. However, the bombing and strafing hit the wives and children of the Para soldiers [former non-communist resistance forces], killing or wounding a number of them, instead of the Democratic Kampuchean forces.

The Para soldiers were very angry and condemned Khan Savoeun, Prince Ranariddh, and other FUNCINPEC ringleaders, and fired heavily at the aircraft.

Government Attacks Khmer Rouge 'Shelter'

BK0206111794 Phnom Penh AKP in English 0944 GMT 2 Jun 94

[Text] Phnom Penh AKP June 2—The Royal Government troops launched attacks against the guerrillas shelters in the district of Prey Nop, Sihanoukville, as the robbery and kidnapping by the bandits have been reported in the locality.

According to Gen. Tuch Kimsien, commander of the Sihanoukville military operation, three guerrillas shelters in the above said district were completely destroyed by the government troops in a mopping-up operation on May 30.

The general said that the government troops made three-pronged operation against guerrillas shelters of Ta Loah, Chrang Kraham, and Kbal Chhay, killing three Khmer Rouges, wounding seven and taking as prisoners 15 others.

He said that during the one-day operation, the government soldiers also freed 60 people, burned down 60 shelters and three saw-mills, seized four guns, one truck, one bulldozer, and a quantity of ammunition.

Three foreigners, including two British citizens and one Australian, were kidnapped on April 11 by Khmer Rouge on National Road 4 while they were returning from Sihanoukville to Phnom Penh.

Paper Criticizes Media Reports on Khmer Rouge

BK0106091894 Phnom Penh CAMBODIA TIMES in English 29 May-4 Jun 94 p 2

[Editorial: "Foreign Media Love Khmer Rouge"]

[Text] "Tourist arrivals have been drastically reduced as a result of escalated fighting". "The Khmer Rouge are making further inroads into government areas". "The Royal Cambodian Armed Forces are demoralised after two heavy defeats".

These are some of the headlines on news items churned out by the international press. Hence, the question on everyone's lips is: Is Cambodia safe? Is it wise to travel to Phnom Penh? Is it not a dangerous place where banditry is rampant and security is virtually nonexistent?

The answer lies very much on what the media reports. In this case, sadly, it is the negative aspects of life in Cambodia. As the adage goes, it is news when man bites dog but it isn't when dog bites man.

In this Kingdom, sensationalism is the key word as far as most journalists are concerned.

Journalists, largely western and even some locals, just thrive on the negative aspects of news reporting. There is no bright side as this either is not worth the paper it is typed on or will not be used by the international media.

Each day, private business deals are being clinched, both with the government or with major local business houses. Road restoration projects are seen while some form of sanity is slowly but surely returning to the city.

Given this situation, it may seem wise for the international media to harp on fighting which is taking place three to four hundred kilometres away.

They give innuendos that the city itself and the Royal Government might come under siege as a result of recent battlefield victories by the recalcitrant Khmer Rouge guerilla faction.

The same incident, for example a mortar attack on Heathrow airport, only managed a single column in some newspapers. Negative news on this nation is blazed on the front page of newspapers, particularly in a neighbouring country.

However, the positive side is seldom reported or heard of. Week after week, press conferences at the Ministry of Information is often monopolised by certain journalists intent only on getting more details on the Khmer Rouge.

Questions evolve around this guerilla faction so much, it has even been said that press briefings are for an insight into the Khmer Rouge, not other aspects of this nation as the press conference is intended for.

For the nation to shrug off this negative image, attitudes must change, both within the government machinery, the public and in neighbouring countries.

If one were to recall, a neighbouring nation which had faced the same situation as this nation approximately 30 years ago, roped in the media to wage a psychological battle against the terrorists.

The media, the common people and the government were one in this battle. The government propaganda machinery went on the offensive to win the hearts and minds of the masses.

Negative reporting about terrorists attacks were played down while business, investment and government projects and activities were highlighted.

This should be a useful lesson for the Royal Government and the powers that are in this nation. The masses restored democracy with the assistance of the international community.

The Government owes it to the masses and with the undivided assistance and co-operation of the masses, it can certainly reverse the negative battlefield disasters and highlight the increasing number of businesses waiting to kick off. This would be the start of better things.

Government Forces Reportedly Advance

BK0206024194 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 2 Jun 94 pp 1, 2

[Excerpt] According to a report dated 30 May from the front line, the combined forces of the Royal Government have already reached the Chi Neang point on Route 10, 18 km east of Pailin. No clashes have been reported, and the government troops, which seem to be very vigilant at this point in time, have not yet overrun the area.

The report further says that the plateau Phnum Veng on Route 10 near Chineang is also being surrounded by government forces.

A senior Army officer said the government forces' advance has not encountered any heavy attacks and that the smooth headway indicated that the Khmer Royal Armed Forces are on the alert and have never forgotten their recent shameful defeats. [passage omitted]

Indonesia

Resistance Attacks Indonesian Military Units

LD0206133594 Lisbon RDP Antena 1 Radio Network in Portuguese 1300 GMT 2 Jun 94

[Text] [Timor resistance representative] Ramos Horta revealed that last night the Timorese resistance carried out a strong military offensive on the capital, Dili. This is the first resistance attack for many years. The only targets of the attack were Indonesian military installations, according to Ramos Horta.

[Begin Horta recording] There was a very well planned, organized, resistance attack on a number of military units in the outskirts of Dili. It led to strong retaliation from the Indonesians. The shooting went on for several hours. A Chinese was killed with a bayonet by the Indonesian forces—he was stabbed in the head with it.

We are trying to find out more details of the guerrilla's operation, but there is not doubt that it was a major offensive. [end recording]

Ramos Horta also revealed that the Timorese resistance is forming a shadow cabinet to take over the future of East Timor at a moment's notice.

Two Memorandums Signed With Turkmenistan

BK0206133194 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 2 Jun 94

[Text] Indonesia and Turkmenistan have agreed to increase their trade volume through a bilateral trading system. Turkmenistan's other great potential in the economic sector is its huge cotton industry, which is well-known for its good quality. The country also is rich in petroleum resources.

Indonesia has numerous commodities which could satisfy Turkmenistan's needs, for example, its ready-made garment products and several other industrial commodities.

Minister of State Secretary Murdiono stated this when he gave a briefing on the talks between President Suharto and President of Turkmenistan Saparmurad Niyazov at Merdeka Palace this morning.

According to Minister Murdiono, President Suharto has urged a number of ministers to consummate the agreement immediately.

[Begin Murdiono recording] The president has instructed a number of ministers to embark on immediate and concrete measures to (?scrutinize) all (?trade) potential. The president has also instructed the ministers to conduct a viable study on the possibility of setting up a petroleum and a cotton factory. [end recording]

President Suharto also offered technical assistance to Turkmenistan based on the framework of cooperation among developing nations. Such assistance will be sponsored either by a developed nation or an international organization.

Minister of State Secretary Murdiono also clarified that Indonesia and Turkmenistan had also signed two memorandums of understanding in the fields of technical and economic cooperation and investments.

Minister Denies Price of German Ships Inflated

BK0306055494 Singapore THE STRAITS TIMES in English 2 Jun 94 p 14

[By Jakarta Correspondent Paul Jacob]

[Text] Jakarta—Research and Technology Minister B.J. Habibie yesterday denied that the cost of 39 former East German naval vessels was higher than estimated but admitted that the overall cost to support their operations would total at least US\$1.1 billion [Singapore dollar] (S\$1.7 billion).

He said that the US\$1.1 billion figure included not only the cost of the vessels themselves but refurbishment and a range of new facilities such as bases that would have to be built to support their operations.

Dr Habibie, who put the cost of each vessel at between US\$10 million and US\$12 million, made the comments in response to an article in the latest edition of the TEMPO weekly magazine which put the cost of the vessels alone at US\$1.1 billion.

Indonesia purchased 16 corvettes, 14 landing ship tanks and nine minesweepers from Germany last year and has already taken delivery of nine vessels.

TEMPO reported that Dr Habibie sought US\$1.1 billion from Finance Minister Mar'ie Muhammad to purchase the vessels but the request was turned down.

He then reportedly asked for US\$600 million, which was again rejected, and then sought US\$400 million which Mr Mari'e also rejected.

The article said that given the US\$1.1 billion price tag, it would have been better to buy newer multi-purpose vessels which would have cost less—and would not have caused friction between Mr Mar'ie and Dr Habibie, the magazine said.

In his remarks to reporters before a Cabinet session yesterday, Dr Habibie appeared to be furious about the

article and repeated time and again that the ships alone did not cost that much and were also not old vessels.

He said, for instance, that the oldest vessel had only been in service for seven years before being mothballed when the two Germanies united.

Dr Habibie underlined again that the cost had not been inflated and that there would be no cancellation of the purchase plans.

When it announced the purchase last year, Indonesia said that it was doing so as it needed to replace several of its ageing vessels and also needed the numbers to patrol and safeguard its vast territorial waters.

Suharto Says World Situation 'Worrisome'

BK0306055694 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 2 Jun 94

[Text] President Suharto considers the current global situation as worrisome, even though there are some heartening issues such as the end of apartheid in South Africa and progress in the Middle East peace process.

Speaking at a state banquet hosted in honor of the visiting Turkmenistan President Saparmurad Niyazov at Istana Negara [state palace] in Jakarta tonight, the head of state expressed his concern over the outbreak of conflicts in numerous regions. He said the conflicts have resulted in the loss of human lives and the suffering of the innocent. This is due to power politics, ethnic conflicts, and lawlessness.

Feisal Extended Beyond Mandatory Retirement Age

BK0106133894 Jakarta THE JAKARTA POST in English 27 May 94 p 1

[Text] Jakarta (JP)—President Suharto has extended the service of General Feisal Tanjung, the current chief of the Armed Forces (ABRI), past the military's mandatory retirement age of 55, it was officially announced yesterday. Feisal's birthday falls next month.

Minister/State Secretary Murdiono said the decision is contained in a decree signed by the President on May 23.

The announcement put to rest one of the major political questions of the year, and one that had been frequently asked since the time Feisal was appointed to the number one post in ABRI in May of last year.

There had been speculation that Suharto, who as the commander in chief has the last word on military appointments, was going to replace Feisal with General Wismoyo Arismunandar, currently Army Chief of Staff and two years his junior. This line of reasoning went that Feisal was simply keeping the seat warm for Wismoyo.

With the extension of his active service, Feisal is now widely expected to retain his post, according to political observers.

In the past, Suharto extended the service of L.B. Murdani and Try Sutrisno, two former ABRI chiefs, to allow both to retain the post. Feisal's immediate predecessor, Edi Sudrajat, only held the post for three months before he turned 55, after which he was whisked away to become Minister of Defense and Security.

By law the President can extend the service of any colonel or general by one year at a time.

Murdiono said that Feisal was given extended service, which will take effect on July 1, because the President felt that his services are still needed.

Feisal, who was born on June 17, 1939, in Tarutung North Sumatera, graduated from the National Military Academy in 1962.

He rose to prominence when he was assigned by Suharto to head a military investigation into the bloody incident in East Timor in 1991. The investigation subsequently led to the removal of two top army generals.

Feisal carved his military career in Kopassus [Special Forces Command], the army's elite red beret force. His stints included quashing various separatist insurrections in Maluku and Kalimantan.

*** President Cites Issues in Development Phase**

94SE0121A Jakarta KOMPAS in Indonesian 21 Apr 94 pp 1, 18

[Text] Jakarta, KOMPAS—President Suharto explained that there are four issues that must get greater attention now at the beginning of PJP II [Second Long-Term Development], namely the effective use of civilian government employees, regional autonomy of second-level regions, public services, and application of modern management.

"Only in this way will the wheels of government turn more smoothly and development move more quickly," the chief of state said Wednesday, 20 April, as he opened the 1994 National Coordination Conference (RAKORNAS) on Effectiveness of the State Apparatus at the State Palace in Jakarta.

Yesterday's program was also attended by Coordinating Minister of Public Welfare Azwar Anas, Minister of Administrative Reform T.B. Silalahi, Minister of State for the Environment Sarwono Kusumaatmadja, Minister of Justice Oetoyo Oesman, Minister of State for Agrarian Affairs/Chief of the BPN [National Agriculture Board] Soni Harsono, and Minister of State for Women's Affairs Mien Sugandhi. The RAKORNAS, which is to last three days, is being attended by 250 people. They consist of secretary generals, secretaries to coordinating ministers, secretaries to ministers of state, secretaries of regional office affairs, deputies for administration, and chief of bureaus for organization, administration, and personnel.

In that connection, President Suharto also underlined the coordination conference theme, which relates to the strengthening of discipline in the apparatus and improvement of service to the public. According to the chief of state, public services and discipline in the apparatus are two very important elements in the administration of government and development. A high level of discipline in the apparatus will raise the quality of management of governmental administration, and good quality of service will expand development opportunities for the people.

Therefore, the president said he hoped that this meeting on effectiveness of the state apparatus will formulate operational actions for improving discipline in the state apparatus and improving the quality of service to the public.

He also explained that the autonomy of second-level regions is an important part of efforts to expand public creativity and initiative, which are the key to the success of development during this takeoff era. "Therefore, all the issues related to the implementation of granting more extensive autonomy to second-level regions must receive maximum attention," the president said.

Since 1974, he said, the government has made preparations for emphasizing the autonomy of second-level regions. On many occasions, the president has also asked that all echelons of the apparatus make preparations to create in second-level regions a regional autonomy that is tangible, dynamic, harmonious, and responsible.

"Government regulations on government in the regions have also been prepared. In this coordination conference, I ask that all issues related to this implementation of autonomy receive maximum attention," the president said.

As for modern management, the chief of state also pointed out that when he formed the Sixth Development Cabinet he stressed the need for modern management to support the implementation of PJP II. Such modern management, the president said, needs to be applied at the planning, implementation, and supervision stages. "This modern management needs to be detailed, analyzed, taught, and applied according to its principles in all government work units and offices," the president said.

Civilian Employee Education and Training

President Suharto also said that in the implementation of development up to now, the government has constantly tried to promote the career development of civilian government employees. The chief of state said he still sees some aspects of career development that need to be improved, however, particularly in the areas of employee education and training.

The career of a civilian employee begins when the employee is accepted as a candidate employee. Because candidate employees come from a variety of sources, the

process of teaching them and introducing them to the administration of government and development is intensive, he said.

"What we have been doing, namely using the apprentice method, appears not to produce optimal results. Therefore, as a part of the selection process, candidate employees in the future must also receive mental and disciplinary preparation in their prejob training," the president said.

The president also added that subjects taught, promotion procedures, and the quality of lecturers must also be improved so that civilian government employees will be truly ready to take up their increasingly heavy and complex duties.

The president also instructed that other aspects of career development be studied very thoroughly. These include employee performance appraisal forms, selections for appointments, and transfers. Why? The president said, "Future duties require better quality government employees who possess professional capabilities, are full of enthusiasm to serve, and have high levels of discipline."

*** Tax Policy Should Not 'Discourage' Investors**

94SE0122A Jakarta KOMPAS in Indonesian 25 Apr 94 p 2

[Text] Although taxes have become the largest source of revenue for state coffers, the tax burden should continue to be scrutinized to make sure that it does not discourage interest in investment. That is why the government is always trying to keep Indonesian taxes at a level which is attractive to foreign and domestic investors.

These were the statements made by Minister of Finance Mar'ie Muhammad at the dedication of the Tax Service Office in Batam on Saturday (23 April). "We need investments because investments can create the 11 million jobs which we have targeted up to the end of PELITA [Five-Year Development Plan] VI," he asserted.

He reminded the audience that there are two dependable sources of funding for the continuation of national development, i.e., raising tax revenues and seeking increased private investment. Both of these play an increasingly important role given the fact that the price of oil has continued to fall and that the market is saturated.

The deregulation package recently launched by the government has caused a continued drop in state revenues from excises and import duties. "Some import goods have been given relief and even freedom from import duties in order to support export-oriented industries," he added.

For that reason, tax revenues have assumed an increasingly important role strategically. Safeguarding tax revenues is no longer just the business of the Directorate

General of Tax or the Department of Finance, but has become a problem for the whole nation and state in order to continue our national development.

"We are not going to play games with taxes. We are past the time when we can play games or engage in shady deals with the tax officials, and stealing tax revenues, such as occurred in Surabaya and Tangerang, will no longer be tolerated," he asserted.

He acknowledged that almost every province is aware of the need to pay taxes. Tax obligation is required in order to comply with tax regulations and laws. On the other hand, tax officials should not overdo it but should provide service which is proper and humane in accordance with existing provisions of the law.

Tax Relief

On this occasion, the Governor of Riau Soeripto requested tax relief for local businesses in the Batam region so that they could play a role in the Batam Federated Region. "If foreign companies can be free from taxes, why can't they [local companies] be given tax relief?" he asked, when he was confirmed [as published] by reporters.

The governor said that businesses in the Batam region, such as those on Bintan Island and Balai Karimun Cape, could actually supply quartz sand or food to take part in building up Batam. However, up to now the economic costs have been considered too high because there have been too many fees involved. "Up to now they have tended to ship their products to Singapore, even though Batam also needs them," he asserted.

Governor Soeripto acknowledged that he had discussed the request for tax relief with the central government, but that no decision had been reached yet. The governor was unwilling to give a detailed explanation about the types of fees which local companies in the federated region have to pay.

In his report, the Governor of Riau stated that Riau's economic growth averaged 9.25 percent a year and had taken in 11.13 trillion rupiahs in investments during PELITA V. This was due to industry, mining, agriculture, services and other enterprises in Riau.

Tax revenues in Riau reached 369.6 billion rupiahs, an increase of 262 percent over the previous year. Tax revenues in Batam reached 84.7 billion rupiahs, and are expected to reach more than 100 billion rupiahs at the beginning of REPELITA VI, in line with economic growth in that federated region.

* Political Positions of ABRI, NU

94SE0121C Jakarta KOMPAS in Indonesian 23 Apr 94
p 1

[Text] Jakarta, KOMPAS—ABRI [Indonesian Armed Forces] continues to hold firmly to its principle that it

will not interfere with the internal affairs of any sociopolitical organization. Therefore, the report is not true that ABRI supports persons were nominated for the chairmanship of certain sociopolitical organizations, including the Development Unity Party [PPP].

Lieutenant General R. Hartono, chief of the ABRI Sociopolitical Staff, said this to reporters Friday, 22 April, in Jakarta. He further stressed that in the PPP congress to be held in the middle of this year, ABRI will not give any special support to specific candidates promoted for the general chairmanship. "ABRI will merely encourage that the congress be conducted on the basis of norms that apply to the nation and the organization concerned," he said.

When asked about reports that B.J. Habibie (minister of research and technology) supports KH [Islamic Scholar and Pilgrim] Yusuf Hasyim for the August congress of the PPP, Hartono quickly replied, "I have never heard that."

He acknowledged the possibility that NU (Nahdatul Ulama [Muslim Scholars League]) members may personally channel their aspirations through the PPP in the next election. Thus, it is understandable if there are now calls for candidacies of NU people for the PPP chairmanship in the next term. What is clear, he said, is that ABRI will not choose sides.

When asked his opinion on the leadership of PPP General Chairman Ismail Hasan Metareum, the three-star general commented, "All right."

Continues To Have No Part in Politics

On a separate occasion on Thursday, 21 April, Abdurrahman Wahid, general chairman of the NU PB [Executive Council] declared that the NU's position continues unchanged, namely that it will not take part in politics and will not be bound to any sociopolitical organization. If the recent reports that "NU people" are prepared to seek PPP leadership are true, they refer to personal positions and rights, which have no connection with the NU as an organization.

Commenting on the meeting of about 50 NU politicians who gathered at TMII [Beautiful Indonesia Minipark] last week and agreed on leadership of the PPP, Gus Dur [nickname of Abdurrahman Wahid] said, "The meeting needs no response from the NU. Let it be. They were acting personally, were they not? There are NU people in personal capacities in all three sociopolitical organizations," he said.

Gus Dur strongly objected when he was asked about the impression among some people that a number of NU politicians are "returning" to the PPP because of not having received any place in GOLKAR [Functional Group] or the PDI [Indonesian Democratic Party]. "Who said they (i.e., those who held the meeting at TMII) are the NU? They were all PPP, not NU. Any NU manager (KH Yusuf Hasyim) present, was there in his

personal capacity. Those who want to plunge into socio-political organizations in an organizational way are prohibited from using the name of the NU," he declared.

When asked whether he personally supports an NU member for PPP leadership, Gus Dur replied, "There is no need to give support. If they want to perform, they should do so—not only in the PPP, but in GOLKAR and the PDI, too."

On a different occasion, Ali Masykur Musa, general chairman of the PB of the Indonesian Islamic Student Movement (PMII), said there would be nothing wrong and it would not violate the 1926 Policy if the NU were to return to politics. "Is not one of the points of the policy the promotion of political maturity in the Islamic community?" Ali asked. The public demand that the NU return to politics, he continued, is an expression of public political maturity and is "synchronous" with the NU.

* Call for Bids on Power Plants Repeated

94SE0121B Jakarta KOMPAS in Indonesian 25 Apr 94 pp 1, 18

[Text] Jakarta, KOMPAS—The government will reconsider the prices of the PLTGU's [gas-steam electric power plants] at Muara Tawar in West Java, Tambak Lorok in Central Java, and Pasuruan in East Java. This will be done through a "repeat order." The prices bid for Muara Tawar by ABB [expansion unknown] in partnership with Marubeni of Japan, for Tambak Lorok by Sumitomo of Japan and General Electric of the United States, and for Pasuruan by Mitsubishi of Japan and Siemens, which will have a total of 2,342 MW [megawatts], were considered by the government to be quite high and thus require reconsideration.

Minister of Mining and Energy I.B. Sudjana said this Saturday, 23 April, at the Department of Mining and Energy after inaugurating the Board of Commissioners of Aneka Tambang and the Boards of Commissioners and Directors of PT [Limited Company] Tambang Timah.

"The bids offered by the three contractors were quite high. For that reason, the government needs to reconsider them," Sudjana said.

For the readers information, the high prices were actually reduced by the contractors at the end of February after receiving instructions from President Suharto. The bid price of the three PLTGU's, which have a total capacity of 2,342 MW, was reduced from \$2.147 billion to \$1.769 billion. This approaches the PLN price for the Tanjungpriok PLTGU. The total price reduction by the three consortia was \$378.15 million, or about 801.678 billion rupiah.

Sudjana said that although there is to be a reconsideration, as of now he cannot set an ideal price for the three PLTGU's. At present, the final price for the construction

of the Tanjungpriok PLTGU is still being used as a reference for setting a price for the projects. The government must decide an ideal price for the three PLTGU's after calculating operational and technical aspects and the prices of components involved in each project.

Coordinating Minister of Economics, Finance, and Development Supervision

In view of these considerations, the press asked if a new contractor is possible, in addition to the three contractors decided by the government through the "repeat order." "I do not know and cannot yet say," Sudjana replied.

The minister of mining and energy said that the decision on who is qualified to get the work is up to Saleh Afiff, coordinating minister of economics, finance, and development supervision. The project is funded by foreign loans connected with the Foreign Commercial Loan Team (PKLN), which is under the coordination of the coordinating minister of economics, finance, and development supervision.

"Everything is up to him. If the coordinating minister deems another new contractor is needed as compensation for the length of time in bringing the project to realization, that is up to him. He has the authority to do that," Sudjana said.

When mention was made of losses incurred by the PLN because of the repeated postponement of a government decision on the winning tender, Sudjana admitted that the PLN has suffered losses. The losses have not been very big, however, and have been limited to loss of time rather than material losses.

"There have not been great losses of time, however. I am sure that if we look at the program for the three projects, all that remains to be done is to proceed with them. The sites are ready and do not need to be prepared. If everything is ready, that will save time in catching up. All that will be needed is assembly, and that will not take long compared with the initial process, from site preparation to project construction," Sudjana asserted.

Some time ago, Uno Bintang Sudibyo, chairman of the Electric Power Studies Program of the University of Indonesia, said that comprehensive comparison studies should be conducted before setting a price for the three projects. Whether a project is cheap or expensive cannot be determined merely by comparing the total price of the project with other projects built previously but must take into consideration the details of components that make up each project.

He said that setting a project price based on each kilowatt of electricity from a PLTGU that is to be built must be done through a comprehensive comparison study. Primarily, comparison must be made with similar projects in other places or other countries, possibly in Thailand, for example.

As an example, he said the international standard price for the capital cost of a PLTGU project of three times 600 MW is \$700 per kilowatt. "Thus, the PLN may set a price of \$800 per kilowatt, as long as it conducts very detailed research and make comparisons with other countries with lower prices before setting a price," he asserted.

*** Paper on Status of Garment Workers' Wages**

94SE0122B Jakarta KOMPAS in Indonesian 26 Apr 94
p 7

[Text] The fate of about 1,100 workers in two factories in Bekasi is now up in the air since their wages have not been paid for the last two or three months. Workers in the Orchid Beatifull [as published] Garment, Inc in Tambun and in Matra Prianangarindu [as published] Garment, Inc in Pondokungu, have been given "leave," uncertain as to whether they have been laid off or not.

Statements gathered by KOMPAS yesterday indicate that the workers complained in turn to the Bekasi office of the Department of Manpower and to the All-Indonesia Workers' Union (SPSI) within the last week. But no solution to their problem has been found yet. The two companies have refused to discuss the issues.

"Besides that, when I asked whether they had the money, the companies answered that they didn't have it yet. Come on! As the arbitrator, I wouldn't find it hard to solve the problem. If they have the money, the company should pay the salaries!" said A. Aziz, an official of the Bekasi office of the Department of Manpower, who is the arbitrator in the Orchid Beatifull Garment, Inc case.

There are 600 workers in the Orchid Beatifull [as published] Garment, Inc factory. They had been getting paid 3,800 rupiahs per day, without any additional money for food, transportation or health insurance. Since they have not been paid for the last two months, the workers admitted that many of them had resigned and were looking for jobs in other companies.

"Usually, we are paid on the 5th and 20th days of the month, but we haven't been paid for two months. We're actually used to the salary being late by one week," Sulistiwa, Chairman of the Work Unit Directorate (PUK) of Orchid Beatifull Garment, Inc's SPSI, told reporters.

Below the UMR [Regional Minimum Wage]

Meanwhile, 500 workers at the Matra Prananggurindu Garment, Inc factory said they were paid about 2,300 to 2,600 rupiahs per day. This means that the company gives them a wage below the regional minimum wage for 1994 which the government set at 3,800 rupiahs per day.

"We've already told the personnel department about the problem of wages which are often late and have not been paid at all for the last two months. Uh, I was not allowed to come back to the company. In fact, I can't work unless I know whether I've been laid off or not," said Noni, a

female worker who was chairman of the PUK of Matra Prananggurindu Garment, Inc's SPSI.

She was the leader of about 20 female workers who complained to the Department of Manpower at SPSI's Bekasi office; Noni and her companions carried posters which stated that the company's managers were cowards. They don't want to be responsible for the fate of 500 workers.

Opening of Waste Treatment Plant Reported

BK0306084194 Jakarta THE JAKARTA POST in
English 26 May 94 p 4

[Editorial: "Disposing of Waste"]

[Text] Although it may not have been one of the more sensational events of the week, the inauguration on Monday of this country's first industrial waste treatment plant surely deserves some comment.

The truth is that for far too long too many companies in Indonesia have been reluctant to seriously consider the problem of waste treatment.

To address this problem, on the eve of the new plant's inauguration, the government issued a regulation requiring all manufacturing companies to neutralize their toxic and hazardous wastes. In the past, many industries were reported to have raised objections to precisely such a requirement on the basis of the argument that the process would add too heavily to their production costs and make their products less competitive.

Of course for companies operating on a small scale, such an argument may be true to a certain extent. After all, manufacturing firms have to cope with what economists refer to as the economy of scale. That is, the bigger the factory and its operations, the lighter the cost burden which the manufacturer has to bear relative to the volume of goods produced. Such an argument, therefore, seems valid, especially since small-scale industries comprise an important segment of this country's industrial sector. They not only provide a service to the society by turning out goods, but also by providing jobs to many thousands of people.

The significance of the Nambo Village waste treatment plant in this particular context is obviously that it helps bring down those additional production costs for small-scale enterprises by eliminating the need for them to own and operate their own waste treatment plants.

In the past, even larger industries were reported to have used this argument to object to any government regulation that would require them to treat their toxic wastes. Surely, however, the developments of the last several years have made it clear that such a rationale can no longer hold. Under the new world order that is now rapidly taking shape, even the trade and industrial sectors can no longer act as if they are unaffected by the

spirit of environmental awareness that is now rapidly spreading across the globe. It is in their own interest that industrialists respect the principles of environmental soundness if they want to compete in the world market.

Thus, as President Suharto remarked on the occasion, the inauguration of the new US\$95 million plant is expected to make Indonesia's industrial products more competitive on international markets by meeting the criteria of environmental "cleanliness" that more and more countries around the world are setting for their imports. The new plant, located at Nambo Village in Bogor regency, is the first in Indonesia, as well as the biggest of its kind so far in Southeast Asia. A second plant for the treatment of industrial wastes is now reportedly being planned for construction near Surabaya, East Java's provincial capital, which has the second-largest concentration of industries in Indonesia. Similar plants are also being planned for Lhokseumawe in Aceh and for East Kalimantan.

Surely, as this country prepares itself for its take-off towards self-sustained growth and because the industrialization process is bound to accelerate in the years to come, the launching of the Nambo Village waste treatment is a laudable, albeit small, step towards ensuring that the process of development will not impair the sustained health of our environment.

Laos

DPRK Premier Arrives for Friendship Visit

BK0306113194 Vientiane KPL in English 0904 GMT 3 Jun 94

[Excerpt] Vientiane, June 3 (KPL)—Kang Song-san, Politburo member of the Workers' Party of Korea Central Committee, prime minister of the DPRK Administration Council, today morning arrived here on a state visit to the Lao PDR [People's Democratic Republic] at the invitation of his Lao counterpart, Khamtai Siphandon.

The 26-member delegation of the DPRK Government includes, among others, Vice Prime Minister Kong Jintae; State External Affairs Commission Chairman Ri Song-dae; Deputy Foreign Minister Jo Kyu-il; State External Economic Affairs Commission Vice Chairmen Chong Song-nam and Choe Bong-su; and DPRK Ambassador to Laos Chang Yong-chun.

The DPRK prime minister and his party were warmly greeted by Prime Minister Khamtai Siphandon, Deputy Prime Minister Khamphoui Keouboualapha, Foreign Minister Somsavat Lengsavat, Vientiane Mayor Bounngang Volachit, and several other senior officials at an official welcome ceremony that took place at the Wattai airport. Lao Ambassador to the DPRK Ponmek Dalaloi was also on hand.

Local dailies PASASON and VIENTIANE MAI also today published a biography with portrait of the visiting

DPRK prime minister. [passage omitted on brief biography of the DPRK prime minister].

Siphon Phalikhan Returns From SRV

BK2705160594 Vientiane Vitthayou Hengsat Radio Network in Lao 1230 GMT 27 May 94

[Text] On 26 May, the delegation of the Lao People's Army [LPA] General Political Department headed by Comrade Lieutenant General Siphon Phalikhan, member of the Central Committee, deputy minister of national defense, and chief of the LPA General Political Department, returned to Vientiane by a special LPA Air Force plane after successfully concluding a friendship visit to the SRV for more than two weeks.

An honorable welcoming ceremony was held at the National Defense Ministry with the presence of Comrade Lt. Gen. Ai Souli-gnaseng, member of the Lao People's Revolutionary Party Central Committee [LPRP CC], deputy minister of national defense, and chief of the LPA General Staff Department; Comrade Colonel Somphon Keomisai, chief of the office of the National Defense Ministry; and several high and medium-ranking military officers. Comrade Do Xuan Hua, SRV military attache to Laos, also attended the welcoming ceremony.

During its visit to the SRV, the delegation was warmly and intimately welcomed by Comrade Lt. Gen. Le Kha Phieu, member of the Political Bureau and secretary of the Communist Party of Vietnam [CPV] and chief of the Vietnamese People's Army [VPA] General Political Department; comrades in the VPA General Political Department; VPA officers and soldiers; local party and administrative committees; and local people.

The delegation held talks with the delegation of the VPA General Political Department headed by Comrade Lt. Gen. Le Kha Phieu, to exchange experience and lessons with one another and to draw lessons from some other VPA departments. It also visited the Third Army Region in Quang Ninh Province, the 13th Brigade in Hai Hung, the Fifth Army Region and the 15th (?Division) in (?Tay Ninh) Province, (?Gia Lai) Province, Da Nang, (Hainan), (?Binh Dinh) Province, and the 312th Division [words indistinct].

During its visit, the delegation paid a courtesy call on Comrade Le Duc Anh, president of the SRV; and Comrade General Doan Khue, member of the CPV CC Political Bureau and national defense minister of the SRV.

Ceremony Welcomes Refugees From Thailand

BK0206124394 Vientiane KPL in English 0952 GMT 2 Jun 94

[Text] Vientiane, June 2 (KPL)—58 families of 205 Lao refugees in Thailand yesterday afternoon arrived home. A ceremony to welcome them was held at the Hatsaifong District's Council Hall, Vientiane Municipality, reports 'VIENTIANE MAI' newspaper today.

The repatriates, the fifth batch in this year, will be further sent to their hometowns in Vientiane Municipality and in the provinces of Bolikhamsai, Xieng Khouang, Sayaboury, Khammouane and Vientiane, adds the newspaper.

Among them 173 are from Napho refugees' camp in Nakhon Phanom Province, and 32 from Phanat Nikhom refugees' camp in Chon Buri Province. 14 are low-land Lao, said the newspaper, adding that some remaining 26,000 Lao refugees in Thailand were expected to return home by the end of this year.

Philippines

Columnist Discusses East Timor Controversy

BK3105124094 Manila THE MANILA CHRONICLE
in English 26 May 94 p 5

[From the "Rosebud" column by Joe Alejandrino: "A Tale of Two Ramoses"]

[Text] Two years ago, several men met at a restaurant in Lisbon to discuss the holding of an international conference on East Timor, one of them was Jose Ramos-Horta. Unknown to these men was a blue-and-white delivery van parked across the street from the restaurant with a long-range listening device that recorded their conversation. Inside the van were agents of the Indonesian Secret Service who were tailing Ramos-Horta, a well-known leader of the resistance movement of East Timor.

The plan was to hold the conference somewhere in Asia in November 1993 to coincide with the anniversary of the 1991 Dili massacre. It would be held under the guise of discussing human rights, but its real objective was political: to turn East Timor into a major international issue to force the Suharto government to grant self-determination to East Timor and push the Indonesian people to overthrow military rule in favor of a democratic government. At the end of the conference, a declaration would be issued condemning the Indonesian Government for the violation of human rights in East Timor and urging all nations to follow suit and impose sanctions.

The conference in November had to be postponed, probably because of funding difficulties but most likely because the organizers could not find an appropriate venue to hold it in Asia. The National Democratic Front which maintained contact with dissident movements worldwide and which was unhappy about the peace and amnesty proposals of the Ramos government that had driven a sharp wedge through their ranks, suddenly had a clever idea. Why not hold it in Manila? The Philippine Government would then be faced with the unpleasant prospect of stopping the conference and violating the constitutional provisions on free speech and free assembly or damaging its close ties with Jakarta and breaking up ASEAN. Either way, it would be a no-win situation for Fidel V. Ramos.

In their meetings with Ramos-Horta in Bangkok and Sydney, Renato Constantino Jr. and Cecilia Jimenez, both known for their leftist sympathies, broached the idea of holding it within the premises of the University of the Philippines (UP). If the Ramos government objected, the UP faculty and students would rise to defend their academic freedom and autonomy. The conference was scheduled for May-June 1994. To add an aura of prestige to the conference, it was decided to invite international personalities like Danielle Mitterand, the wife of the French President who was a human rights advocate. This way, if Fidel V. Ramos tried to stop the conference it would prove an embarrassment to the Philippine Government.

The Indonesians, who were closely monitoring the situation, were feeding intelligence reports on a regular basis to Gen. Joe Almonte, the national security adviser. Thus the question of the conference was taken up by Cluster E that deals with security matters. Cluster E concluded there was really nothing the Philippine Government could do short of violating the Philippine Constitution.

Jakarta was unhappy. It could not understand why a conference with clear political overtones aimed at subverting Indonesian territorial integrity was being allowed by Manila in a state-subsidized university. Had not Indonesia been a good and loyal friend? When the Philippines suffered an oil crunch, it was Indonesian oil that bailed it out. When it was struck by a natural calamity, Indonesian help was the first on its way. When the Muslims wanted to secede from the Philippines, Indonesia acted as a moderating influence in international fora. In fact, both countries were not only the closest of allies, they were bound as brothers by race and were together in ASEAN. Hence Jakarta viewed Manila's lack of firm action as a stab in the back. What it did not know is that Fidel V. Ramos was looking quietly and patiently for a legal solution to the crisis.

To show its displeasure, Jakarta postponed the round of talks with the MNLF [Moro National Liberation Front] that was being held in the Indonesian capital as well as its investments and participation in the East ASEAN Growth Area business conference in Davao. Manila sent a three-man diplomatic mission led by former foreign secretary Raul Manglapus to Jakarta to explain the Philippine position and to reaffirm its full support for the territorial integrity of Indonesia. The Ramos government, Manglapus assured the Indonesian foreign minister, would explore all legal avenues to contain the damage that would be caused by the East Timor conference. But Jakarta was not appeased.

The furor created by the conference was not lost on the French whose embassy in Manila kept Paris updated. If General Suharto was prepared to break with General Ramos over East Timor, there was no reason why he would not do the same with Francois Mitterand if Danielle attended the conference. And the French could not afford such a break given the fragile political situation in France and its investments in Indonesia. France

was a major supplier of arms to Indonesia and the French armament industry was in the doldrums due to the end of the Cold War. It would be in the French national interest that Danielle stayed out of the conference.

Jakarta stepped up its pressure. It forbade Indonesian students to participate in any meeting in Manila and its gunboats arrested Filipino fishermen in Indonesian waters. It hinted that Filipinos working in Indonesia would lose their jobs and be repatriated back to Manila. Indonesian NGO's [nongovernment organizations] threatened to convene a conference that would affect Philippine territorial integrity. The subtle message conveyed by Jakarta was that any persons or countries that would harm Indonesia would be responsible for the harm to their own people. While aimed specifically at the Philippines, the message was really addressed to all nations alike.

No right-thinking government could ignore such a message. The acts of a few would not be allowed to affect the interests of a whole nation, particularly if they are foreigners acting to manipulate a situation that serves only their personal ends. This was the rationale behind President Ramos' decision to ban foreign participants to the East Timor conference in Manila and the government had a perfect right to do so. Filipinos could discuss what they want at that conference since they are protected by their constitutional rights, but no foreigners have the right to damage the good relations between countries of which they are not citizens.

It is understandable that Indonesia reacted the way it did. Any country with a sense of dignity and sovereignty would have done the same. When Harvey Firestone tried to separate Mindanao from the rest of the Philippines in the early 1900's to benefit the American rubber industry, Manuel L. Quezon threatened to lead a revolt against the United States. The bill sponsored by Representative Bacon of New York died a quiet death in the House Committee on Insular Affairs.

President Ramos' decision to ban foreign participants was clearly in the national interest. Countries that are poor cannot afford to eat on principles by being the world policemen of human rights. Nor can one affect change by isolating Indonesia, as Jose Ramos-Horta proposes to do. Had Fidel V. Ramos not done what he did, the damage to the Philippines would have been incalculable. History would surely have branded him as a traitor for the hardships brought upon his people. Something that the local convenors of the East Timor conference would do well to reflect on.

Losses Due to East Timor Meeting Detailed

BK0306114694 Quezon City Radio Filipinas in English 0230 GMT 3 Jun 94

[Text] Malacanang [presidential office] disclosed the economic repercussions of an impairment in Philippine-Indonesian relations as a result of the staging at the University of the Philippines of the Asia-Pacific Conference on East Timor.

Presidential Assistant for Mindanao Paul Dominguez said that the joint fishing operations and other collaborative activities between the two countries could be adversely affected as a result of any impairment in bilateral relations. Dominguez said the negative consequences include drastic decline in the volume of fish landings; reduction in the output of five canneries; decrease on the level of fish imports; (?retrenchment); increase on the price of fish; increase in the cost of livestock due to increase in the price of fishmeal; collapse in the Brunei, Indonesia, Malaysia, Philippine East ASEAN Growth Area with incalculable damage to the projected development of Mindanao in the context of a bigger sub-regional market.

Loss of excess to 5 billion dollars of investible funds in east ASEAN, loss of access to 40 million consumer, and joint venture projects with Indonesian business groups upsetting investments of about 1 billion pesos [Philippine pesos] are in trouble. Dominguez said that 65 percent of the gross product of General Santos City is related to fishing. The deep sea fishing industry in the city has a total investment of 2 billion pesos in a combined fishing fleet of 300 fish carriers, 120 fish catchers, five canneries and a network of cold storage facilities employing 36,000 people and 200,000 dependents. The deep sea fish industry of the city has joint fishing operations with the Indonesian counterpart. The industry generates 200 million dollars from export revenues annually.

Article Claims Foreign Policy in 'Shambles'

BK0206093194 Manila PHILIPPINE DAILY INQUIRER in English 29 May 94 pp 1, 10

[Article by Amando Doronila: "A Foreign Policy Disaster"]

[Text] The order issued by a Quezon City court restraining the organizers of the Asia-Pacific Conference on East Timor from holding the conference resolves the Philippine-Indonesia impasse, ostensibly within the context of the Philippine constitutional system. The cancellation of the meeting defuses the diplomatic crisis to the satisfaction of Indonesia, which had in the first place sought to abort it as early as last November. It is a triumph of Indonesian blitz diplomacy.

But the resolution of the conflict does not erase the fact that the crisis has left Philippine diplomacy in a shambles. The Philippines' handling of the crisis was an absolute disaster. The crisis inflicted on the Philippines its worst humiliation and degradation at the hands of another country since the Japanese occupation, and ironically the humiliation was administered by the Philippines' supposedly closest ally in ASEAN. Having observed closely the golden age of Philippine diplomacy during the 1950s to the 1970s, I have never seen a more inept handling of Philippine foreign relations than by the Ramos administration, and the diplomatic disaster should make us weep over the ignominy of the Republic.

This essay seeks to establish responsibility for this disaster. From evidence, much of the blame rests on the usurpation of crisis management by the National Security Council (NSC)—a function of the Department of Foreign Affairs, which has an experienced bureaucracy. When Indonesia applied the heat on us, President Ramos heeded the counsel of the NSC, headed by Gen. Jose Almonte, more than it listened to the Department of Foreign Affairs (DFA), which had its own recommendations to the president. Malacanang [Palace; presidential office] called, the shots on the responses to Indonesian pressure and the DFA merely echoed Palace directives.

The NSC-inspired responses were characterized by panic, retreat and appeasement. The dispatch of a diplomatic mission to Jakarta headed by former Secretary of Foreign Affairs Raul Manglapus and Undersecretary Rodolfo Severino to explain the Philippine position that the conference cannot be canceled without breaching our constitutional principles of freedom of assembly and of speech failed to impress and appease authoritarian Indonesia. The mission left the impression that the Philippines acted like a tributary state to Indonesia Raya (Greater Indonesia), and the Indonesians, of course, arrogantly displayed their scorn for us. President Suharto refused to receive the delegation. According to Manglapus, Suharto was in Bogor, entertaining New Zealand Prime Minister James Bolger, who was on a state visit. Whatever the explanation, the fact is that Suharto disdainfully snubbed the mission.

The government had absolutely no response, except appeasement, to the three-pronged pressure by Indonesia—the threat of canceling the peace talks with Muslim separatist rebels hosted by Indonesia, the Indonesian boycott of the East Asian Business Conference in Davao on the East Asian economic triangle, and the detention and harassment of Filipino fishermen fishing in or near Indonesian waters. The NSC failed to consider that the threat of Indonesia's withdrawal of support for the peace talks with the separatist Muslims is partly bluff, as I shall discuss later. The economic triangle concept is at an embryonic stage, waiting for its time to come and has an economic dynamic of its own. The harassment of Filipino fishermen can be countered by diplomatic protests.

The response of appeasement was premised on the assumption that relations with Indonesia must be saved at all costs because of the mistaken belief that Indonesia has been the most supportive Philippine ally in ASEAN, and therefore we owe a lot to it. This assumption flies in the face of evidence that Indonesia is as much in debt to us as we are to it because of the fact that our hosting of the U.S. military bases served as a security shield which permitted Indonesia and a host of other countries in East Asia to divert their resources to development away from costly defense expenditures.

The failure to respond to the escalated Indonesian pressure and even to summon anger over Indonesia's bulldozing tactics revealed the NSC to be bankrupt in

experience, imagination, and sophistication in responding to foreign relations crisis. The NSC has a de facto "think tank" composed of academics, consultants and arm-chair experts on geo-politics. Its head, Gen. Almonte, claims to have a strategic view of things and appears to have vast pretensions on geo-politics on regional and international scale, but these pretensions are not matched by NSC's performance during the crisis. Retreat and appeasement are the best proof of this bankruptcy.

When the NSC's view of things collided with realpolitik, the views based on fanciful models, crumbled. I suspect that the NSC would like to believe that it is a center of strategic decision making, superior to the Department of Foreign Affairs, following the model of the U.S. National Security Council under Dr. Henry Kissinger. Under President Nixon, he depended on Kissinger for strategic decision more than he did on the State Department, but the State Department's resources were nonetheless deployed in policy and decision making, and besides, Dr. Kissinger is one of the most brilliant practitioners of realpolitik and had assembled a brilliant staff at the NSC. Almonte is no Kissinger.

The undermining of the DFA began when President Ramos signed as one of his first executive orders a directive broadening the powers of the NSC to intervene in all aspects of national life. The directive said that with the end of the Cold War and with the shift in the character of conflict from armed confrontation to economic competition, the compass of national security should embrace also economic and foreign affairs.

The usurpation of the functions of the DFA by the NSC was facilitated by the fact that the DFA has been depleted of senior leadership—a vacuum which the NSC tried to fill. During the 1950s up until the 1970s, the DFA had been gifted with strong foreign ministers and a deep bench of experienced diplomats. It was led by a constellation of brilliant diplomats such as Carlos P. Romulo, S.P. Lopez, Jose Inglis, Narciso Reyes, Narciso Ramos, et al, and second line back up from people like Raul Manglapus and Leon Ma. Guerrero. These diplomats were authoritative and presidents listened to them and respected them. Moreover, foreign relations received a boost from presidents like Elpidio Quirino and Diosdado Macapagal, who had an international outlook. Foreign relations was their strong suit.

By contrast, President Ramos is a man with a provincial and parochial outlook. He is a plodding leader who has no fire in his belly. He remains cool even under humiliation of the national honor. His appreciation of foreign relations is supplied mainly, by the NSC, whose depth, experience and sophistication have been found to be nil by the crisis. Moreover, there have been attempts to undermine the leadership of the DFA under Secretary Roberto Romulo. Last summer there were moves, which didn't go unnoticed by the CIA, to inquire into the

medical records of Romulo in the United States, in an apparent attempt to embarrass him and to oust him from the DFA.

The threat by Indonesia to withdraw support of the peace talks with Muslim separatists is partly bluff. It later on decided to allow the talks to be held in Jakarta, and this is not an act of charity. The settlement of the Muslim rebellion leading to the ending of separatism serves the interests of Indonesia as it does the Philippines. Separatism in the Philippines inspires separatism by the outer islands of Indonesia. If the separatist movement in Mindanao succeeded in dismembering the Philippines, latent separatist rebellions in Indonesia could flare up to detach themselves from the Java-centered rule in Indonesia. But in panic, the NSC forgot all about this. Because of its panic, it is extremely important to reassess the role of the shell-shocked NSC in foreign relations whose credibility crumbled during the crisis.

Foreign Debt Reaches \$34 Billion in 1993

*BK3105041194 Manila BUSINESS WORLD in English
26 May 94 p 10*

[By Rufina B. Alcanzo]

[Text] The country's outstanding foreign debt as of December last year reached \$34.282 billion, up 10.82 percent from the \$30.934 billion recorded during the corresponding period in 1992.

On a monthly basis, this represented a slight 1.47 percent increment from \$33.787 billion in November last year.

Official records from the Bangko Sentral ng Pilipinas (BSP) [Central Bank of the Philippines] show 85.31 percent of total foreign debt were classified as medium- and long-term obligations, which rose 14 percent from \$25.678 billion in the same period in 1992.

On the other hand, short-term loans comprised the remaining 14.69 percent, which amounted to \$5.035 billion.

By types of borrower, the public sector received the biggest chunk of foreign loans. This was placed at \$27.177 billion, taking in a 79.28 percent share of aggregate loans.

The private sector was granted \$5.817 billion, allotted between corporate and financial firms. Corporate firms received a bigger share of \$5.296 billion while financial firms cornered the rest.

Meanwhile, the BSP got a measly 3.76 percent or \$1.288 billion of total borrowings.

BILATERAL CREDITORS

Bilateral creditors extended the biggest amount, which stood at \$13.369 billion or 39 percent of total loans. This represented an 18 percent hike from the \$11.328 billion

lendings in the comparable period in 1992. All loans granted by bilateral creditors have beyond one year maturity.

Among bilateral creditors, the country remains to be heavily indebted to Japan which granted medium- and long-term loans amounting to \$7.577 billion. The United States came in next providing \$684 million while Germany lent out \$489 million as of the period in review.

Roughly 23 percent of aggregate foreign exchange liabilities were extended by multilateral creditors. As in the preceding months, the World Bank's International Bank for Reconstruction and Development furnished the largest amount at \$3.936 billion. It was followed by the Asian Development Bank and the International Monetary Fund, which shelled out \$2.3 billion and \$1.312 billion, respectively.

WORLD BANK

In a related development, the World Bank has lined up 12 more projects for the next three years. These projects offer an aggregate financing cost of \$2.585 billion which is \$853 million more than the "shopping list" presented by the Philippine Government.

These include agriculture support services, power transmission, and AIDS emergency projects which are all set for next year. For 1996, the following will be eyed: Central Visayas regional project; and power distribution, capital market development and urban water supply projects.

Meanwhile, by the year 1997, rural regional development, private investment credit, water distribution, urban sanitation and provincial road projects are expected to be put up.

It may be recalled a few weeks earlier, Senator Blas Ople urged the National Economic and Development Authority to undertake a full accounting of foreign loans that flow into 16,000 nongovernment organizations (NGOs) amid reports that human rights groups in Europe have been subsidizing communist insurgency in the country. He advocated the use of caution in giving direct aid to local NGOs.

Foreign Banks Allowed To Invest in Rural Banks

*BK2705064294 Manila BUSINESS WORLD in English
25 May 94 p 11*

[By Rosemarie V. Francisco]

[Text] The recently signed banking liberalization law effectively eliminates the nationalization privilege of rural banks as foreign banks are now also allowed to invest in rural banks, savings and loan associations and thrift banks.

Senator Raul S. Roco, chairman of the committee on banks, financial institutions and currencies yesterday, told members of the Makati Chamber of Commerce and

Industry that the new law liberalizes not only the commercial banking industry but also the rural banking industry which was previously monopolized by Filipinos.

One mode of entry for foreign banks under the banking liberalization law is the opening or acquisition of subsidiaries where they can own up to 60 percent voting stock. Mr. Roco said foreign banks can, therefore, acquire rural and thrift banks as subsidiaries.

However, Mr. Roco told BUSINESS WORLD he has not heard yet of any foreign bank interested to enter such an investment in small rural and thrift banks.

In case foreign banks do invest in rural banks, this would lead to the closure of or mergers among small rural banks which do not have the financial backing of foreign banks.

Earlier, Negros Oriental Rep. Margarito Teves told a forum at the Center for Research and Communication the entry of new foreign banks in the country will not affect smaller financial entities like rural banks since foreign banks are more likely to concentrate on wholesale business. Rural banks specialize in the retail business.

Mr. Teves also said he expects a linkage between foreign banks and rural banks to be established with the new law since foreign banks need the expertise of rural banks in countryside lending.

Some bankers also expect that foreign banks would concentrate on big-ticket transactions, which are the business of large commercial banks.

Benjamin Palma Gil, Philippine National Bank (PNB) executive vice president, earlier said the entry of foreign banks may create competition on the level of bigger banks. Community banks will then be left to handle the smaller businesses.

Mr. Roco also said the new law also increases the ownership cap of Filipinos in local banks from 30 percent to 40 percent. While foreign banks are allowed to own up to 60 percent of the total voting stock in a domestic bank or subsidiary, Filipino groups who are listed in the stock exchange or are existing for at least 10 years are also accorded the same privilege.

The banking liberalization law also provides for new funding sources for educational institutions, hospitals, cooperatives, local government units and low-cost housing. Mr. Roco said foreign banks which would offer financing for these sectors would be given incentives under the law.

The law signed by President Ramos last 18 May allows 10 new foreign banks to establish branches in the country within five years. It also permits an unlimited number of entrants to set up subsidiaries or buy into any of the existing 28 local banks. Since the Monetary Board holds the right to decide where the last three of the allowable six branches of foreign banks would be situated, Mr.

Roco said the government would still have control over the dispersal of development in the country.

Congress Approves Amnesty Offer for Rebels

BK0206054394 Quezon City Radio Filipinas in English 0230 GMT 2 Jun 94

[Text] Philippine Congress has approved an amnesty offer for some 24,000 rebels. In a move hailed by President Ramos as a step towards ending all armed revolt in the country. The legislature approved the amnesty submitted to it by Ramos early this year. The amnesty covers the whole spectrum of rebels who have plagued the Philippines for years. Many rebel leaders have rejected the amnesty saying it will not solve basic problems which caused the rebellion in the first place. The Philippine Government announced the amnesty in a bid to bring insurgent groups to the peace tables.

Police Say ABB Plans To Bomb Four Firms

BK3105035994 Manila PHILIPPINE DAILY INQUIRER in English 26 May 94 p 7

[Text] The Alex Boncayao Brigade (ABB), a communist hit squad, is planning to bomb the offices of four big firms three of which are government-owned, police said yesterday.

Director Ricaredo Sarmiento, chief of the Philippine National Police-National Capital Region Command (Capcom) placed all Metro Manila police units on alert for possible attacks by the ABB.

Sarmiento identified the four ABB targets as the National Power Corporation plant in Sucat, Paranaque; the main office of the Manila Electric Co.; the Land Transportation Office in Quezon City; and the Manila Waterways and Sewerage System Office in Quezon City.

The disclosure of the plot came a day after police arrested 11 ABB supporters during a lightning rally in Makati.

Government Approves Investment Projects

BK2705072594 Manila BUSINESS WORLD in English 25 May 94 p 13

[By Dahlia R. Dugtong]

[Text] The Board of Investments (BoI) approved the other day the grant of fiscal incentives to ten projects with investments adding up to P63 billion [Philippine pesos].

The biggest project on the BoI's list is the P30.24 billion power generation project of Pangasinan Electric Corp. (PEC), a subsidiary of Hopewell Holdings Ltd.

PEC will construct and operate a coal-fired thermal power plant in Sual, Pangasinan with two units capable of generating 500 megawatts each.

The project, which was accorded pioneer status, will be implemented under a 25-year Build-Operate-Transfer (BOT) agreement PEC reached with National Power Corp. The first unit is expected to be operational by December 1998 and the second unit, by March 1999.

PEC has an authorized and subscribed capital stock of P100,000, in which P25,000 has been paid-up.

The second biggest project approved by the Bol is the P10.8 billion expansion project of Digitel Telecommunications Phils. Inc.

Digitel will expand its telecommunications services in Pangasinan, Bulacan, Bataan, and Angeles City. This includes transmission, switching, and routing of basic and enhanced voice, data, and value-added services as well as domestic and international toll services.

Further, Digitel will install an additional 115,000 lines in Pangasinan by 1998; 64,200 lines in Bulacan; 27,900 lines in Bataan; and, 11,127 lines in Angeles City.

The firm expects to earn P3.6 million by 1999, and will need 4,000 staff members to operate the project.

Digitel is 87 percent owned by Filipinos and 13 percent by Cable & Wireless, a British company. It has an authorized capital stock of P6 billion and subscribed and paid-up capital of P1.6 billion.

Digitel is also a telephone franchise holder in the provinces of Pampanga, Zambales, Tarlac, Ilocos Norte, Ilocos Sur, Isabela, Nueva Vizcaya, Batangas, and in the municipalities of Baguio City, Taguig, Binan, and Mabalacat.

The Bol also approved the P6.72 billion oil refinery project of Thai Petro Chemical Industry Co. Ltd., which will establish an oil refinery in Surigao del Norte and, by September 1996, produce liquefied petroleum gas, premium and regular gasoline, kerosene/jet fuel, diesel, and fuel oil at a capacity of 65,000 barrels a day.

Other projects which obtained approval from the Bol are the:

- P4.5 billion expansion project of Hi-Cement Corp.;
- P3.4 billion petrochemical project of Mitsui Co. Ltd.;
- P3.6 billion modernization project of Integrated Microelectronics Inc. for its existing plant in Muntinlupa;
- P2.4 billion power generation project of Ganda Holdings Berhad;
- P470.64 million spun yarn project of Indo Phil Cotton Mills Inc.;
- P400 million corrugated carton project of San Miguel Corp.; and,
- P44.2 million automotive wiring harness project of Pilipinas Kyohritsu Inc.

The Bol's approval makes this week one of the most productive in history. Bol officials are optimistic they could surpass their P115 billion investment target for 1994.

Daily Gas Yield at Camago-Malampaya Fields Noted

BK2705070094 Manila BUSINESS WORLD in English 25 May 94 p 13

[By Estela B. De La Paz]

[Text] Shell Phils. [Philippines] Exploration (SPEX), operator of the Camago-Malampaya fields in offshore northwest Palawan, yesterday successfully completed its short production tests or drill stem tests (DST).

SPEX's second DST on the gas zone of the well recorded a final flow rate of 24.8 million cubic feet of gas per day and 1,252 barrels per day of condensate.

Dre Boon, SPEX vice-president, earlier told BUSINESS WORLD Shell needs a flow rate of about 20 million cubic feet of gas per day for the well to be considered of commercial value.

The bottom portion of the well, which contains the oil, also yielded good flow rates. Shell is satisfied with the stabilized flow rate recorded in the oil zone at about 5,627 barrels of oil per day, more than what was expected, Mr. Boon said.

SPEX will drill its second appraisal well, Malampaya-4, by mid-June to confirm the extent of the reserves of the Malampaya structure.

Mr. Boon said the Malampaya 4 well will be halfway between the Malampaya 1 and 2 wells in the north and Malampaya 3 in the south.

The theory behind this drilling strategy is if Malampaya 4 shows the same characteristics as the other wells and shows positive oil and gas flow rates, then it is possible that Malampaya is one big structure. As such, the extent of the oil and gas reserves can be estimated.

However, while these developments confirm the presence of substantial oil and gas deposits in the area, harnessing these deposits for commercial quantity may not be easy due to the costs involved, as these are in very deep waters.

Shell is still negotiating with National Power Corp., its main market, to commit 3,000 megawatts to run on natural gas by 1998.

However, because of the costs involved not only in production but also in transporting the gas from the well-head to Luzon shores, the power firm and Shell have not inked any gas supply contract.

One contention against the use of natural gas by 1998 is the additional cost of retrofitting the thermal plants. Moreover, natural gas-fed plants must also be competitively priced in order to compete for a slot in the power development program (PDP). The PDP will be using various fuel resources such as coal and geothermal to come up with an efficient generation mix between 1998 and 2005.

Thailand

Government Lobbies for Marine Products in GATT

BK3005095994 Bangkok *THE NATION* in English
30 May 94 p B2

[Text] Thailand has lobbied the Cairns Group of farm exporting nations to include fisheries products among farm items subject to free trade at the upcoming meeting of the World Trade Organization.

The action came after a recent meeting between the 14 economic ministers of the Cairns Group. Deputy Prime Minister Suphachai Phanitchaphak was the leader of the Thai officials.

The Cairns Group now is working out what areas the group has to include after the conclusion of the Uruguay Round of world trade talks.

The Cairns Group was formed out of concern that the Gatt members would not include a farm agreement at the latest round of Gatt talks. But though the round has concluded with a requirement for subsidy cuts on farm products, the Cairns Group has decided not to abolish the grouping but continue to work as a supervisory body to push for free farm trade in the post-Uruguay Round environment.

Thailand was assigned to conduct a feasibility study of fish and fisheries products, said Kanitson Nawanukhro, deputy director-general of the Business Economics Department. He said at a press conference after the Cairns meeting that Thailand would like to add fish and fisheries products to the farm products category.

"If Thailand's effort is successful, it means that Thailand will have more access to the fisheries products market," he said.

Fish resources are the main interest of Thailand and many countries in the group. But the recent Gatt agreement does not force its members to liberalize the fisheries trade, leaving an opportunity for some countries to unfairly restrict fishery imports.

Thailand also will work with New Zealand in working out a framework proposal to prevent the export of subsidized goods and food aid that distort international trade.

On other countries:

Argentina: responsible for conducting a primary study on market dumping and export subsidies not stated in Article 9 and their impact to be used as a guideline under the World Trade Organization.

Canada: seeking a mechanism to review and monitor the agriculture policy under the agriculture committee.

Brazil and Colombia: considering the impact of the Green Box Policies peace clauses and the condition to

use the protection measure for farm products, and evaluating the new dispute settlement mechanism of the Cairns Group.

Brazil and Chile: studying how to promote goods, including processed food products and fruit, which will benefit the group.

Surin Reiterates No Support for Khmer Rouge

BK0306084894 Bangkok *BANGKOK POST* in English
3 Jun 94 p 8

[Excerpt] A claim that Thailand is providing military support to the Khmer Rouge reflects the frustration of the international community at the situation in Cambodia, Deputy Foreign Minister Surin Phitsuwan said yesterday.

The international community expected to see peace in Cambodia after the United Nations-organised elections in May last year, Mr Surin said.

"When things do not go well, they try to find a reason for it. One easy reason is (to allege that) the Khmer Rouge is receiving assistance from Thailand."

The deputy foreign minister was commenting on an article written by former US ambassador to Thailand Morton Abramowitz in *THE WASHINGTON POST* on May 29.

In the article, Mr Abramowitz said the Khmer Rouge had established control over areas in northern and western Cambodia.

"The ineffectiveness of the Phnom Penh government and an ill-conceived military campaign are key reasons for Khmer Rouge successes. But a major external factor is Thailand's help for the Khmer Rouge," he wrote.

"The Thai military provides them goods and, reportedly, arms and gives their leadership sanctuary," Mr Abramowitz said.

But Mr Surin commented that the author may be "holding on to an old image" of the Khmer Rouge as a member of a tripartite coalition which fought against the former Phnom Penh government.

There is no need for Thailand to respond to the allegation as the author "has a right to express his opinion," Mr Surin said.

It was Thailand's policy "not to support any one faction," the deputy minister stressed. Thailand "wants to see national reconciliation take place in Cambodia as soon as possible".

"Some foreign countries now understand Thailand's position," he said. He refused to give names but said they included Western countries.

Mr Abramowitz also suggested that the U.S. raise its concerns about Cambodia during pending dialogue in Bangkok with the Association of Southeast Asian Nations.

The deputy minister welcomed the suggestion, saying: "It is better than discussing the issue outside the region."

The U.S. is one of ASEAN's seven "dialogue partners" and is due to join an 18-nation forum on security issues taking place on July 25. [passage omitted]

Thai Minister Meets Burmese Counterpart

BK0206112294 Bangkok Radio Thailand Network in Thai 0530 GMT 2 Jun 94

[Text] The foreign minister, Squadron Leader Prasong Sunsiri, is attending the 11th meeting of the Nonaligned Movement [NAM] foreign ministers in Cairo, Egypt, from 31 May to 3 June. This a big meeting for NAM, the first in two years time, and the purpose of is to follow up important projects and propose new plans for the next summit meeting. A new president to replace Indonesia, whose term is expiring, will be elected. The Egyptian president presided at the opening session the morning of 31 May. In his opening address, he called upon the movement to adjust its position in keeping with global changes. The movement should focus now on cooperation in economic development rather than security issues.

That same day, the Thai foreign minister had a meeting with the Burmese foreign minister who informed Thailand that Burma was in the process of releasing Thai fishermen through steps taken by the Thai-Burmese border committee. The Thai foreign minister thanked the Burmese minister and confirmed Thailand's invitation to him to attend the opening of the ASEAN foreign ministers' meeting in Thailand in July as a guest of the Thai foreign minister. The Burmese foreign minister accepted the invitation.

On bilateral relations, both sides agreed to strengthen mechanisms for cooperation. The two sides also exchanged information on the construction of a bridge across the Moei River in Mae Sot District, Tak Province. Thailand sent technicians to Burma to discuss the project. Burma assigned its minister of construction to be in charge of the project.

Daily Fears Blame for Losses Against Khun Sa

BK0206121194 Bangkok SIAM POST in Thai 2 Jun 94 p 4

[Editorial: "The Burmese Border Situation"]

[Text] Thailand must keep a close watch on all developments in connection with the ongoing fighting between the Burmese Government troops and the Shan force under the leadership of the world infamous drug kingpin Khun Sa or Chang Sifu. This is to avoid falling into any

undesirable situation, like the case of the fighting in Cambodia—accusations from Cambodian leaders.

Latest reports indicate that Khun Sa's multiethnic force, comprising heavily of armed Shan, Chinese Haw, and Karen soldiers, successfully captured the major government's stronghold in Kengtung on 28 May after the 20-hours of fierce battle that erupted the day before.

It is believed that some 7,000 well-equipped men under Khun Sa's command have now gained full control of Kengtung after having slain 160 Burmese soldiers and wounded 310 others, while 2,000 others fled their bases in disarray.

Kengtung is situated some 120 kilometers north of the border district of Mae Sai, Chiang Rai Province. At present, some 1,200 Burmese civilians are seeking refuge in the district and the number is expected to increase.

U.S. narcotics suppression officials have estimated the total opium production in the areas under Khun Sa's control in 1992 at 2,280 tons, with the output expected to rise in later years.

It should be noted that the route traffickers used to ship heroin and opium from the Golden Triangle and nearby areas to the world market in the past five years has been shifted from Thailand to China. The success of the narcotics suppression operation in Thailand has shifted this severe problem into China.

It is possible that Khun Sa has been able to sell more heroin and opium to the world market in the past few years. Subsequently, he has been able to improve the efficiency of his army in terms of both manpower and equipment. We notice that Khun Sa's men easily defeated the Burmese troops in recent battles.

In any event, Thailand should be aware of problems it can have with Burma, a neighboring country like Cambodia. Frequent victories by Khun Sa's army over the Burmese Government troops can spark off suspicion on part of the Burmese Government as Cambodian leaders have always blamed Thailand for every defeat their troops have suffered from the Khmer Rouge.

Government Considers Offer To Buy Rice

BK0206144194 Bangkok THE NATION in English 2 Jun 94 p B3

[Text] The Commerce Ministry is considering whether to accept the offer from the Iraqi government which proposed to buy an additional 500,000 tonnes of Thai rice, but the payment will be made only after the country's frozen assets are released from the United Nations.

Mr. Pridiyathon Thewakun, President of the Exim [Export-Import] Bank, said that he was assigned by the Commerce Ministry to consider the business risks from selling Thai rice to Iraq. One of the factors subject to consideration is the amount of the Iraqi assets being

frozen by the international organization so far, and how many lending countries are planning to snatch the money after the assets are released.

A source from the Commerce Ministry said that if the deal is approved, Thailand might be able to sell as much as 1.5 million tonnes of Thai rice during the period, considering that, Iraq aside, Thailand has received the offers from Iran to exchange 500,000 tonnes of 100 percent white rice for crude oil. Indonesia and the Philippines also proposed to buy an equal volume of 300,000 tonnes of rice, while Japan has delivered the latest rice order covering 200,000 tonnes.

Reception Center Needed for Repatriation

*BK0206083994 Bangkok BANGKOK POST in English
2 Jun 94 p 6*

[Text] Thailand yesterday renewed its call for the establishment of a reception centre in Laos as a way of speeding up the repatriation of some 12,000 Laotians.

Praphakon Samiti, director of the Interior Ministry's Foreign Affairs Division, made the call before international participants at a technical meeting convened by the United Nations High Commissioner for Refugees (UNHCR).

Mr Praphakon said the repatriation of the refugees had gathered momentum but pointed out that some 9,000 Laotians were "expected" to remain in Thailand after the planned closure of Ban Napho camp at the end of this year.

"I do hope that all parties concerned will join to put more effort into solving the residual caseload," he said.

Questions of repatriation and resettlement are being discussed at the two-day technical meeting called to seek ways of clearing camps in first asylum countries of some 80,000 Indochinese by the end of next year when the Comprehensive Plan of Action (CPA) drawn up in 1989 expires.

The technical discussions have drawn representatives from Vietnam and Laos as well as first asylum, resettlement and donor countries—including Austria, Australia, Belgium, Brunei, Canada, Italy, Japan, South Korea, Malaysia, Netherlands, New Zealand, Norway, United Kingdom, United States and European Union.

Mr. Praphakon expressed hope that the idea of setting up a reception centre in Laos would be pursued at a meeting comprising Thailand, Laos and the UNHCR due to take place later this month.

The centre will house returnees pending determination of a permanent resettlement site, he said. Elaborating on the idea in a separate interview, Mr Praphakon said it would function as a "halfway house" where skills training could be provided to the returnees.

The UNHCR's Thailand representative Ruprecht von Arnim said he was open to the idea. But he emphasised the need to address the Laotian Government's concerns about employment for the returnees.

Vientiane will not accept a simple "transfer" of Ban Napho to Laos and the UNHCR will find it difficult arriving at an arrangement which might become an "open-ended commitment", he said.

Mr Praphakon said Thailand would complete the process of status determination of Vietnamese encamped in the country by June 24.

He said some 6,000 Vietnamese were expected to sign up for voluntary repatriation by the end of this month.

But he pointed to some 3,000 hard core cases which would be more difficult to deal with, and called for a stepped-up campaign to encourage them to volunteer for repatriation.

He also urged resettlement countries to live up to their pledges and drew attention to the estimated 250 Vietnamese encamped at Sikhui who have been "screened-in" as bona fide refugees but rejected.

Board Announces Steps To Attract Industries

*BK0206094494 Bangkok THE NATION in English
2 Jun 94 pp B1, B2*

[By Manirat Chitsamakun]

[Text] The Board of Investment (BoI) yesterday took a major step to promote supporting industries in Thailand by announcing benefits for an additional 10 industrial categories, mostly small and medium-sized firms, in an attempt to attract at least 5,000 Japanese plants to Thailand.

Moreover, the board, chaired by Prime Minister Chuan Likhai, will also allow an additional 20 industries, including auto parts, electronic products, plastic products and rubber products, to be located in the Zone 2 investment area. The BoI, however, has yet to rule whether to grant privileges to the fertilizer and ceramic industries under the second classification of the BoI promotional privileges.

The BoI's latest move is seen as a response to investors' complaints over inadequate infrastructure in the remote provinces under so-called Zone 3.

Although the government tried to promote investment by offering a first-class incentive package for those who wish to set up plants in those provinces some investors have been reluctant to go there because the provinces are too far away.

At a press conference yesterday, Sathaphon Kawitanon, BoI secretary-general, said the BoI board has agreed to grant an eight-year corporate tax exemption to those who wish to set up plants for engineering plastic parts,

rechargeable batteries, electronic connectors, machining centres, heat treatment, surface treatment, sintered products, grinding tools, cutting tools and toolings, regardless of where the industries are located.

Yesterday's announcement has added to the list of industries BoI approved on October 26 last year. Then, the BoI offered maximum benefits to four industries—moulds and dies, jigs and fixtures, forging, casting and induction furnaces. Sathaphon said that the incentive worked quite well as it helped increase factories in the four industries from only one to 12.

Sathaphon said that this should help promote small-and medium-scale industries, which are the foundation for economic development. He said that it is coincidental that the yen has appreciated, which is expected to prompt small and medium firms in Japan to relocate their plants to low-cost countries.

BoI recently conducted a seminar in Japan and found that there were about 1 million small and medium plants there. "If we can get just 1-2 percent of the total or only 5,000 factories, the opportunity among local industries to get transfer of technology will be tremendous," he said.

The 20 industries which the BoI allowed to be set up in the Zone 2 investment area are leather tannery, wheel tyre, rubber, glass, carpet, leather products, footwear and parts, toys and electronic games, box or packaging products, metal-made containers, leather gloves, lenses or glasses, metal items, metal string, auto parts, energy-saving light tubes, batteries, electronic products, soft gelatine capsules and plastic or plastic-coated products.

Central Bank Reports High Foreign Activity

*BK3005095194 Bangkok THE NATION in English
30 May 94 p 14*

[Excerpt] Foreign borrowings by Thai banks hit a record high in the first four months of this year with the amount doubling from last year to Bt140 billion, the Bank of Thailand reported.

Thai banks have resorted to overseas loans to fund domestic credit which reached Bt200 billion in the same period, as the outstanding deposits fell by about Bt20 billion compared to the end of last year.

The Bangkok Bank saw its deposit fall by Bt23.4 billion during this period, with the First Bangkok City Bank witnessing a drop of Bt4.9 billion, the Bangkok Metropolitan Bank a Bt4.6 billion drop, Bangkok Bank of Commerce Bt4.4 billion, Siam Commercial Bank Bt2.5 billion, Union Bank Bt900 million, and Thai Thanu Bank Bt35 million.

It is the first time that half of the banks saw their deposits eroded as finances were largely diverted to mutual funds and equity investment.

According to Phisit Li-atham, the central bank spokesman, the banks showed outstanding deposits of Bt2.37 billion at the end of April, an increase of 14.4 per cent compared to the same period last year, and Bt23 billion compared with the end of last year. Deposits usually grow at an annual rate of 19-20 per cent.

The general picture, though, is not too bad. The 91 local finance companies in the first quarter chalked up outstanding deposits of Bt595.69 billion, an increase of 37.73 per cent compared with the same period last year and Bt54 billion higher than the end of 1993.

The finance companies market share, of the financial sector, rose from 18.4 percent at the end of 1993 to 20.2 percent at the end of this year's first quarter. The banks' market share fell from 81.6 percent to 79.8 percent and is expected to decrease further when the half-year figures are announced. [passage omitted]

Plan To Build Nuclear Power Plant Abandoned

*BK0306033694 Bangkok BANGKOK POST in English
2 Jun 94 p 17*

[Text] Wearied by mounting anti-nuclear sentiment, the lack of a clear government policy and prohibitive investment costs, state energy planners are dropping their controversial plan to build Thailand's first nuclear power plant.

The move is apparent in the new power plant development project master plan being revised by the Electricity Generating Authority of Thailand (EGAT), from which the nuclear option has been deleted along with other problematic schemes.

According to Nopphadon Salitdisuk assistant chief of EGAT's generation system development planning division, the authority does not wish to proceed with the plan, which saw the first two of six 1,000-megawatt nuclear power units being commissioned in 2006.

Mr Nopphadon said yesterday that EGAT will not seek to undertake the nuclear project at least in the period 1994-2011, making the possibility of such a project being implemented look remote.

Other "less socially sensitive" and conventional thermal power houses, using for instance imported natural gas and coal, will substitute for the suspended nuclear plant scheme, he said.

He cited the lack of public acceptance of nuclear power plants as the prime factor behind EGAT's decision to withdraw the plan.

But he said that the project may not be abandoned entirely, and EGAT will continue to study various aspects so that "when the time of public acceptance comes" the project can be relaunched.

Prathin Phatthanaphon, deputy governor of the Petroleum Authority of Thailand (PTT), yesterday confirmed EGAT's move.

He said that among other things, the question of safety is uppermost in the minds of the public, and the extremely high investment cost of the nuclear facilities make the project itself financially unviable.

The cost of building a nuclear power plant is some US\$2,000 per kilowatt compared to \$1,200 for one using imported coal and \$650 for a combined cycle plant fuelled by natural gas.

Dr Phiyasawat Amranan, deputy secretary general of the National Energy Policy Office, said the Government does not need to come to a decision today on whether to proceed with the nuclear project because there is still insufficient information with which to make a decision.

"We have 12 years before the planned nuclear power plant is envisaged. We still have a few more years (to decide)," he said.

But Dr Phiyasawat, a key state energy planner, suggested to *Business Post* that nuclear energy is destined to have a lower priority in the overall near-term energy plan.

There are energy alternatives which can be made available to meet the country's fast-growing electricity demand more easily than nuclear, he said.

"Why don't we first look into imported coal and LNG (liquefied natural gas)? More natural gas from the Gulf of Thailand will become available for power plant fuels," he said. "Furthermore, there is the potential for increasing power supply to Thailand from hydro-electric projects in Laos, and there is potential for tapping huge hydro-electric resources in Burma," he added.

State energy planners' latest stance on nuclear energy comes less than three months after Prime Minister Chuan Likhai said Thailand may have to take the nuclear option in order to arrest the country's fast-growing electricity demand.

In his first public remarks on whether Thailand should build nuclear power plants, the Premier said the Government can neither overlook nor reject nuclear as a possible source of power generation.

Alternative energy sources for Thailand have their limitations, Mr Chuan said, while acknowledging public concern about the safety risks and the high cost of nuclear power.

Mr Chuan said public sentiment on the issue will be the most important factor deciding whether nuclear plants should be built here.

The World Bank has suggested that Thailand drop its nuclear power plant project, which it sees as more expensive than other options.

It advises Thailand to turn to natural gas, particularly imported LNG, and insists that nuclear power be considered only as a last option.

Opinions on Money Laundering Law Expressed

*BK0106091394 Bangkok THE NATION in English
1 Jun 94 p 2*

[Text] Deputy Prime Minister Amnuai Wirawan has asked the Office of the Narcotics Control Board (ONCB) and the Bank of Thailand to set the scope of the proposed money laundering law in a way that will not affect the country's financial system, according to government spokesman Aphisit Wetchachiwa.

Amnuay told the council of economic ministers on Monday the two agencies had also been instructed to consider whether the proposed legislation should target drug traffickers alone or include other criminal groups as well, Aphisit said.

Members of other crime syndicates, such as those involved in prostitution and the smuggling of contraband and war weapons, are also known to launder their profits through legitimate banks and financial institutions using the same methods as drug traffickers.

Government leaders have said they agree with the proposal by anti-narcotics officials to introduce a money laundering law, provided that such a move does not infringe on individual freedoms.

Prime Minister Chuan Likhai said he approved of the idea in principle because a money laundering law would prevent dishonest people converting their ill-gotten wealth into legal currencies.

Anti-drug officials say that without such a law, drug traffickers will continue to flourish through their illegal trade.

ONCB staff say many major traders in illicit drugs are beyond the reach of the law because law enforcement officials do not have hard evidence to link them to the crime.

Vietnam

Do Muoi: Full U.S. Ties Without Human Rights

*OW0306074194 Tokyo KYODO in English 0717 GMT
3 Jun 94*

[Text] Hanoi, June 3 KYODO—Vietnamese Communist Party chief Do Muoi says Hanoi wants to have fully normalized ties with the United States as early as possible but without any linkage to human rights.

"As for when our relations with the United States can be normalized, that is up to the American side," Muoi said in an interview Thursday [2 June] night with KYODO NEWS SERVICE President Yasuhiko Inukai. "The sooner the better."

Muoi, 77, noted that a U.S. Government delegation is expected to visit Hanoi shortly, though he did not suggest the level at which it would be led.

U.S. Assistant Secretary of State Winston Lord reportedly plans a visit around the end of this month, which may be followed in late July by a visit by U.S. Secretary of State Warren Christopher.

Muoi said that while Vietnam stands prepared to discuss human rights and various other issues with the U.S., it cannot accept any linkage between human rights issues and overall bilateral relations.

His remarks follow President Bill Clinton's decision to extend China's most-favored-nation (MFN) trading status despite domestic pressures to use trade as a leverage to force human rights concessions.

Vietnam, which is reorienting its economy toward exports, is reportedly one of only nine countries not accorded the low-tariff status by Washington.

On Feb. 3, Clinton lifted the 19-year-old U.S. embargo against Vietnam.

Last month, Vietnamese and U.S. diplomats exchanged diplomatic notes on the opening of liaison offices in each other's capitals as a step toward full diplomatic ties.

Turning to Vietnam's simmering row with China over potentially oil-rich areas of the South China Sea, Muoi called on Beijing to spell out more clearly its proposal for shelving the disputes and participating in joint development.

He said that though the idea of joint development may merit consideration, the issue of sovereignty must be resolved first.

Muoi called for a conference among all parties laying claim to the contested areas of the South China Sea, which include Vietnam, China, Taiwan, Malaysia, the Philippines and Brunei.

He said Vietnam prefers that the matter be settled through peaceful dialogue.

Beijing and Hanoi are disputing ownership of the Spratly and Paracel Islands and their adjacent areas, having skirmished at sea over the sovereignty issue as recently as 1988.

Each country's awarding of oil exploration concessions to foreign companies has raised the level of tension in recent months.

Muoi suggested that China is violating Vietnamese sovereignty by drilling in an area which he said is "clearly part of Vietnam's Continental Shelf."

Earlier this week, a U.S. energy company contracted by Beijing began a physical seismic survey in an area only 350 kilometers southeast of Ho Chi Minh City.

Muoi also made a case for increasing in Japanese investment in Vietnam, noting that investors could produce at low cost by taking advantage of Vietnam's cheap labor.

He lamented that the level of Japanese direct investment remains relatively small and noted that more of it goes to China than to Vietnam.

With some 496 million dollars so far invested in 53 projects, Japan trails in sixth place behind Taiwan, Hong Kong, South Korea, Australia and Singapore as an investor in Vietnam.

Muoi said Vietnam holds high expectations of Japan as a source of capital and technology needed to develop the country's increasingly market-oriented economy.

He said he looks forward to an opportunity to visit Japan.

Muoi was named party general secretary in June 1991 after having served as prime minister for three years.

The son of a farming family outside Hanoi, he became a party member in 1939 at age 22.

He was jailed in the early 1940s by the French for participating in the movement against colonial rule.

Elected a member of the party's decision-making Central Committee in 1960, he was appointed vice premier in 1969 and became a full member of the ruling Politburo in 1982.

In July 1988, while serving as vice chairman of the Council of Ministers in charge of capital construction, industry and material supply, he was elected by the National Assembly to succeed the late Prime Minister Pham Hung.

Spokesperson Holds Regular News Conference

BK0206152594 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 2 Jun 94

[Text] The Vietnamese Foreign Ministry spokesperson, Mrs. Ho The Lan, held a regular international news conference in Hanoi on 2 June. The conference was attended by a large number of correspondents from the foreign and local mass media and by the press attaches of a number of foreign embassies in Vietnam.

In reply to a question raised by an ITAR-TASS correspondent on the schedule and timing for Prime Minister Vo Van Kiet's visit to the Russian Federation, and another question posed by a REUTERS correspondent on what republics the prime minister will visit and on the subjects to be discussed during the visit, Mrs. Ho The Lan said:

At the invitation of the prime ministers of the Russian Federation, Ukraine, and Kazakhstan, Prime Minister Vo Van Kiet will visit these countries in the near future.

These countries used to have age-old traditional relations with Vietnam. But following some eventful changes, the relations between Vietnam and these countries have not lived up to their potential. Now that these countries and Vietnam wish to develop their friendly and cooperative relations, a number of agreements on cooperation have been signed and various bilateral and international issues have also been discussed between Vietnam and each of these countries. This will be the first visit by the Vietnamese prime minister to these countries.

A NIKKEI correspondent asked: According to an ITAR-TASS dispatch, Senior General Doan Khue will visit the DPRK on 16 June. Is this news accurate?

The Vietnamese spokesperson said: Senior General Doan Khue, Vietnamese defense minister, will visit the DPRK in the near future at the invitation of the DPRK defense minister. This visit is designed to strengthen the relations between the armed forces and peoples of the two countries.

The Vietnamese Foreign Ministry spokesperson also made public a number of important diplomatic activities relating to Vietnam and many other countries in the world.

Fishing Around Spratlys 'Stepped Up'

BK0306075194 Hong Kong AFP in English 0655 GMT 3 Jun 94

[Text] Hanoi, June 3 (AFP) - Vietnam has stepped up its fishing activities around the disputed Spratly Islands over the past 18 months, under the "devoted" protection of the Vietnamese coast guard, the army newspaper reported Friday. QUAN DOI NHAN DAN said the number of Vietnamese fishing boats had increased from 94 to 150 since the beginning of last year. It said Vietnamese fishermen had shown "great efficiency" in their operations around the Spratlys, a South China Sea chain claimed wholly by Vietnam, China and Taiwan and in part by the Philippines, Malaysia and Brunei. Fishing in the area is now the main source of revenue for the residents of Phu Quy island, which is outside the Spratly archipelago about 120 kilometres (75 miles) off southern Vietnam, according to QUAN DOI NHAN DAN. It said coast guard units based on Phu Quy have given local fishermen "devoted support" in their trips around the Spratlys. In a bid to bolster its claims to the area, the Vietnamese government has used tax exemptions to encourage local fishermen to operate in the Spratlys. Over the past several months the official Vietnamese press—especially the QUAN DOI NHAN DAN—has run articles on the Spratlys almost daily, in an evident attempt to reaffirm Hanoi's sovereignty. Speaking to AFP on Friday, the foreign ministry again condemned as "illegal" China's awarding of a contract to US-based Crestone Energy Corp. for offshore oil drilling in the area. Vietnam previously announced the construction of two lighthouses and a fishing port on the Spratlys,

forerunning infrastructure development on the 21 islands in the archipelago that are occupied by Vietnamese soldiers.

Defense Minister To Visit DPRK

BK0206122394 Hong Kong AFP in English 1159 GMT 2 Jun 94

[Text] Hanoi, June 2 (AFP)—Vietnamese Defense Minister General Doan Khue is to make an official "friendship visit" to North Korea in the next few days, a Foreign Ministry spokeswoman said here Thursday.

"This visit is aimed at strengthening the friendly ties between the two armies and the two peoples," spokeswoman Ho The Lan said at a press briefing.

Diplomatic sources here said though Hanoi has been approached by western countries to intercede in the nuclear crisis on the Korean peninsula between Pyongyang, Seoul and Washington.

The ministry spokeswoman did not give the dates of the visit. But according to the Japanese press, the general, who ranks fifth in the politburo of the Vietnamese Communist Party, will visit Pyongyang from June 16.

Khue's visit is the first by a Vietnamese defense minister to North Korea since the Vietnam War, and official visits to Stalinist North Korea have been infrequent over the past few years.

Bilateral relations were frozen after Vietnam and South Korea normalized ties in 1992.

National Assembly Proceedings Continue

Morning Proceedings

BK0206122694 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 2 Jun 94

[Text] The Ninth National Assembly's Fifth Session enters its seventh work day today, 2 June. In the morning's plenary session, the National Assembly continued to discuss the revised draft law on the organization of the People's Councils and People's Committees under the direction of National Assembly Chairman Nong Duc Manh.

The National Assembly discussed new issues related to the law. Some deputies suggested that the law be called the Bill on Amending and Supplementing—not the Law on Revision of—Some Articles of the Law on Organization of the People's Councils and People's Committees. They also suggested that only a few articles required amendment. Other deputies urged that the National Assembly hold back the law for a while and wait for the upcoming party Central Committee Plenum where new measures will be set to resolve various pressing issues related to the activities of the People's Councils and People's Committees.

Many deputies said a vertical-type administrative system should not be applied to the management of the People's Council. Rather, the National Assembly Standing Committee and the government should formulate concrete regulations on coordination between echelons of the People's Councils. Other deputies supported this idea, but asked who will take up the responsibility of approving the composition of the People's Council Standing Committee and who will be authorized to determine the wage and retirement systems of members of the People's Councils and so forth.

Some deputies said the chairmen of People's Committees should also be members of the People's Councils, with the exemptions given in specific essential cases. Many deputies suggested that it is necessary to set up the People's Council Offices in provinces and cities and that many localities have already done so. Other deputies suggested that among other specialized teams a scientific-technological and environmental team be set up in the People's Council, and that the environmental protection task be added to the duties of the People's Councils. Many deputies suggested that a sanctions system be applied so that the People's Councils and the councillors may be able to settle letters of complaint and denunciations lodged by the voters. Some other deputies have asked whether we should consider the removal of councillors at the regular People's Councils meetings or to solicit the views of voters on this matter, especially when more than 50 percent and not two-thirds of People's Council members are decided on the removal of a people's councillor. Many deputies suggested that the People's Councils and councillors be charged with the additional task of opposing corruption and smuggling.

The National Assembly will continue its work this afternoon at the conference hall.

2 Jun Proceedings

BK0206143894 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 2 Jun 94

[Summary] "Dear friends: The Ninth National Assembly's fifth session entered its seventh day today. The National Assembly devoted a large part of its time to debating the revised draft law on the organization of People's Councils and People's Committees. National Assembly Chairman Nong Duc Manh directed the morning and afternoon sessions.

"All the views expressed at the conference hall were focused on improving the effectiveness of the People's Councils, people's councillors, and People's Committees, and other local organs of power, especially those at the village and ward levels.

"Some deputies proposed that this law be called The Law on Amendment of and Supplement to a Number of Articles of the Law on the Organization of People's Councils and People's Committees rather than the Revised Law on the Organization of People's Councils and People's Committees."

Others suggested that the name of this law not be changed because it has been released for public view.

"The majority of those who spoke agreed to retain the name of the revised law."

Many deputies who spoke "favored the idea that we should not have a top-to-bottom chain of administrative command for People's Councils. However, the National Assembly Standing Committee and the government should devise specific procedures on cooperation between People's Councils at various levels."

Some deputies believed that the draft law is still confusing when it comes to defining the roles between the People's Councils and People's Committees in directing local socioeconomic development activities.

"The majority of the deputies who spoke agreed with a proposal that the term of office of a People's Council be five years. As for the provincial, city, district, and precinct People's Councils, they should meet twice a year while the village and ward People's Councils should meet on a quarterly basis."

Some deputies raised the question whether the removal of a people's councillor should be considered at a People's Council meeting or be done based on views of voters, especially when such a removal is decided by more than half—but less than two-thirds—of the number of people's councillors present.

There were also differing views on the question of whether a People's Committee chairman will necessarily be a people's councillor. "The majority of those deputies who spoke favored the idea that a People's Committee chairman must be a people's councillor." However, some deputies asked that the law must further specify that in special cases, a People's Committee chairman need not necessarily be a people's councillor. This will facilitate the transfer or appointment of a People's Committee chairman.

"Dear friends: During their afternoon debate at the conference hall, some deputies started voicing their views on the draft law on the People's Council election. This draft law will continue to be debated by the National Assembly at tomorrow's morning session at the conference hall."

Communique No. 7 Issued

BK0306061294 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 2 Jun 94

[Text] The National Assembly Office has issued Communique No. 7 as follows:

Today, 2 June, the National Assembly held a plenary session at the conference hall under the direction of National Assembly Chairman Nong Duc Manh. This session was designed to debate the two draft laws—namely the revised draft law on the organization of

people's councils and people's committees, and the revised draft law on the election of the people's council.

Prior to the debate, the secretariat of the session handed out to National Assembly deputies a report rounding up the views exchanged at various group discussions on these two draft laws. Twenty-seven deputies spoke on these topics. They were: Mai Thuc Lan of Quang Nam-Danang, Nguyen Khac Tao of Ha Tinh, Bui Thi Binh of Hoa Binh, Phan Minh Thanh of Tien Giang, Nguyen Duc Hoan of Quang Tri, Y Xuoi of Kon Tum, Dang Cong Thach of Long An, Le Quang Dao of Hanoi, Bui Huu Hai of Vinh Phu, Phan Thu of Ha Tay, Dinh Cong Doan of An Giang, Trang A Pao of Lao Cai, Tran Thi Minh Chanh of Phu Yen, Hoang Thua of Ha Giang, Nguyen Thiet Hung of Khanh Hoa, Nong Hong Thai of Cao Bang, Bui Quang Tam of Kien Giang, Bui Bich Lien of Lam Dong, Dang Van Ly of Tay Ninh, Mua Thi My of Lai Chau, Do Binh Duong of Ha Bac, Hoang Thi Bich Ly of Lang Son, Nguyen Chi Ben of Ninh Thuan, Dang Thi Thanh Huong of Quang Ninh, Nguyen Van Kha of Nam Ha, Le Thanh Binh of Soc Trang, and Trinh Xuan Mao of Thanh Hoa.

The deputies concentrated their debate on the following issues:

- the name of these laws;
- the position, functions, duty, and powers of the people's councils;
- the duty and powers of the people's council standing committee and of its subordinate sections;
- the dismissal of people's councillors;
- the functions, duty, and powers of people's committees and people's committee chairmen;
- procedures designed to coordinate activities between the Fatherland Front and its component organizations on one side and the people's councils and people's committees on the other;
- qualification standards for people's councillors; and
- the quota of people's councillors at various levels.

Tomorrow, 3 June, the National Assembly will work at the conference hall.

Vo Van Kiet Views Agricultural Growth

BK0206085594 Hanoi VNA in English 0625 GMT 2 Jun 94

[Text] Hanoi VNA June 2—Prime Minister Vo Van Kiet and Deputy Prime Minister Tran Duc Luong had a working session here yesterday with leaders of Thanh Hoa Province and the Ministry of Agriculture and Food Industry.

During the meeting they discussed orientation to develop sugar cane planting and sugar refining in Thanh Hoa Province, one of the three key areas of sugar and sugar cane of the country.

After hearing reports of representatives of the ministry and branches Prime Minister Kiet said that the Ministry of Agriculture and Food Industry together with localities

should strive to rapidly develop the sugar and sugar cane industry, so that to eliminate the current sugar in the shortest time and to achieve the target of producing one million tonnes of sugar per year before 2000.

The prime minister acknowledged the project on sugar and sugar cane development of Thanh Hoa Province, which included a joint-venture with a Taiwanese company to build a sugar refinery with a capacity of 6,000 tonnes of sugar cane day. He also held that Thanh Hoa should make full use of advantages of land, labour as well as foreign investment to really become one of the three key areas of sugar and sugar cane of the country.

Quang Tri Province Faces Crop Failure

BK0206112794 Hanoi QUAN DOI NHAN DAN in Vietnamese 17 May 94 p 1

[Report by Le Anh Dung]

[Text] The 1993-94 winter-spring rice crop of Quang Tri Province has been a serious failure. More than 50 percent of 20,372 hectares of the crop have been completely damaged due to low temperatures (16-18 degree Celsius) caused by a cold spell and prolonged bad weather in March this year. The weather was especially damaging as the rice were about to grow ears and has resulted in total crop failure.

According to a preliminary survey, the province has a shortfall of 30,000 tonnes of paddy and 20,000 tonnes of subsidiary food crops. The province has thus far produced only 32,000 tonnes of rice or 48.4 percent of the set target. Nearly 200 agricultural cooperatives have experienced a sharp decline in rice production. On the average, they have produced only 15 quintals per hectare or 48.09 percent of the expected yield. With the exemption of Huong Hoa District where there was little damage to its 600 hectares, more than 50 percent of the crops were damaged in the rice growing districts such as Trieu Phong, Hai Lang, and Vinh Linh. As a result, 30 percent of households in the delta and 39,000 ethnic minorities in Van Kieu and Tra Oi villages, where most of them are under social welfare, are facing serious hunger.

Quang Tri has not experienced such abnormal weather for the past several decades. The drought in 1993 destroyed 30,000-40,000 tonnes of summer-fall rice, while the winter-spring rice this year has been a total failure. This has adversely affected production, threatened the livelihood of people, and put up severe obstacles to the restoration of production.

In face of this, the provincial party and people's committees and the people's council have instructed various sectors and echelons to mobilize the people to collect whatever paddy they can from the remaining winter-spring ricefields. The people have also been instructed to strengthen unity, and be thrifty in order to overcome numerous difficulties, while waiting for the 1994 summer-fall rice crop. As an immediate measure, the provincial people's committee has spent one billion dong

buying rice varieties, and corn and green beans for distribution to peasants. The province has also strived to improve water conservancy projects, and provided more loans to two seed producing stations to increase output for the next winter-spring crop. It has also instructed the local agricultural service and agencies concerned to coordinate with localities to provide sufficient seeds and essential materials for the summer-fall crop, and to exploit the capabilities of various districts and towns to urgently serve production. The province has also asked for 50 tonnes of seeds as a loan from Quang Nam-Da Nang and Nghe An provinces. It has also radically changed the summer-fall crop pattern to suit its unique conditions, prepared for the next winter-spring crop, and determined the number of households facing serious hunger for prompt assistance.

Hanoi Workshop on Drug Problem Held

*BK0206151994 Kuala Lumpur BERNAMA in English
0347 GMT 1 Jun 94*

[Text] Hanoi, June 1 (OANA-BERNAMA)—Household use of opium as a pain-killer has turned children in some parts of Vietnam into hardcore addicts by the time they are adolescents, according to a workshop report.

Highland families in particular not only use opium for barter but also as a palliative for all ailments causing addiction at a very young age, says the report made available to BERNAMA Wednesday.

It was the first workshop organised here last week to equip Vietnam's communist party key cadres nationwide with communication skills to create public awareness of the country's drug problem.

The report says that although Vietnam is making progress in reducing domestic poppy cultivation, such efforts are frustrated by increased smuggling of opium from neighbouring countries.

It says the area under poppy cultivation had been reduced to 3,000 hectares last year from 19,000 hectares in 1985 and opium production to 10.5 tonnes from 53.9 tonnes during the same period.

Now 87 percent or 2,630 hectares of the remaining area under poppy is in Ky Son in Nghe An Province bordering Laos.

A good number of students in that province had been opium addicts since their younger days, the report adds.

It also shows that there is still no other lucrative cash crop better suited to the area's climate, terrain and soil than poppy, it says. (poppy plants produce the base to make heroin).

Dumping of psychotropic drugs, high relapse rate (80 percent) among treated addicts and lack of funding for sustained campaigns are among the other problems Vietnam is facing in fighting drug abuse, it says.

Consumers Association Conducts Poll

*BK0106063894 Hanoi Voice of Vietnam Network in
Vietnamese 1100 GMT 29 May 94*

[Text] The Vietnam Consumers Association has conducted a poll with 200 households in Hanoi and 400 households in Ho Chi Minh City on the prospects of goods consumption and on the types of products that buyers like most. The results indicate that homemade goods now account for half of the volume of sales on the local market, imported goods for 12 percent, and American goods for 10 percent. A breakdown of each type of consumer good indicates that Japanese-made motorcycles and cars account for 94 percent. Small-sized Japanese-made machinery and equipment also account for as much as 60 percent. The consumption ratio of Vietnamese-made foodstuffs is 72 percent and Japanese-made foodstuffs 8 percent. The consumption ratio of Vietnamese-made beer and cigarettes accounts for 79 percent. As for Chinese-made fabrics, children's toys, and generators, they account for nearly 90 percent of the volume of sales on the local market.

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